

City of East Lansing, Michigan

**Federal Awards
Supplemental Information
June 30, 2008**

City of East Lansing, Michigan

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Independent Auditor's Report

To the Honorable Mayor and
Members of the City Council
City of East Lansing, Michigan

We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of East Lansing, Michigan as of and for the year ended June 30, 2008, which collectively comprise the City of East Lansing, Michigan's basic financial statements, and have issued our report thereon dated November 5, 2008. Those basic financial statements are the responsibility of the management of the City of East Lansing, Michigan. Our responsibility was to express opinions on those basic financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the basic financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the basic financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of East Lansing, Michigan's basic financial statements. The accompanying schedule of expenditures of federal awards is presented for the purpose of additional analysis and is not a required part of the basic financial statements. The information in this schedule has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Plante & Moran, PLLC

November 5, 2008

Report on Internal Control Over Financial Reporting and on Compliance and
Other Matters Based on an Audit of Financial Statements Performed in
Accordance with *Government Auditing Standards*

To the Honorable Mayor and
Members of the City Council
City of East Lansing, Michigan

We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of East Lansing, Michigan as of and for the year ended June 30, 2008, which collectively comprise the City of East Lansing, Michigan's basic financial statements, and have issued our report thereon dated November 5, 2008. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the City of East Lansing, Michigan's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City of East Lansing, Michigan's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the City of East Lansing, Michigan's internal control over financial reporting.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. However, we identified a certain deficiency in internal control over financial reporting that we consider to be a significant deficiency.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control.

To the Honorable Mayor and
Members of the City Council
City of East Lansing, Michigan

We consider the control deficiency described in the accompanying schedule of findings and questioned costs as item 2008-1 to be a significant deficiency in internal control over financial reporting.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control. Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City of East Lansing, Michigan's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

The City of East Lansing, Michigan's response to the significant deficiency related to compliance and other matters identified in our audit and described in the accompanying schedule of findings and questioned costs has not been subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

This report is intended solely for the information and use of management, the City Council, federal awarding agencies, and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Plante & Moran, PLLC

November 5, 2008

Report on Compliance with Requirements Applicable to Each Major Program and on Internal Control Over Compliance in Accordance with OMB Circular A-133

To the Honorable Mayor and
Members of the City Council
City of East Lansing, Michigan

Compliance

We have audited the compliance of the City of East Lansing, Michigan with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that are applicable to each of its major federal programs for the year ended June 30, 2008. The major federal programs of the City of East Lansing, Michigan are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of the City of East Lansing, Michigan's management. Our responsibility is to express an opinion on the City of East Lansing, Michigan's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City of East Lansing, Michigan's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the City of East Lansing, Michigan's compliance with those requirements.

In our opinion, the City of East Lansing, Michigan complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2008.

To the Honorable Mayor and
Members of the City Council
City of East Lansing, Michigan

Internal Control Over Compliance

The management of the City of East Lansing, Michigan is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the City of East Lansing, Michigan's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133. Accordingly, we do not express an opinion on the effectiveness of the entity's internal control over compliance.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect noncompliance with a type of compliance requirement for a major program on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a major federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement for a major program that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that noncompliance that is material to a type of compliance requirement for a major program will not be prevented or detected by the entity's internal control.

Our consideration of the internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance and its operation that we consider to be material weaknesses, as defined above.

This report is intended solely for the information and use of management, the City Council, and others within the entity and is not intended to be and should not be used by anyone other than these specified parties.

Plante & Moran, PLLC

November 5, 2008

City of East Lansing, Michigan

Schedule of Expenditures of Federal Awards Year Ended June 30, 2008

Federal Agency/Pass-through Agency/Program Title	CFDA Number	Pass-through Entity Project/Grant Number	Award Amount	Federal Expenditures
U.S. Department of Housing and Urban Development:				
Community Development Block Grants - Entitlement grant:	14.218			
B-02-MC-26-0024			\$ 890,000	\$ 19,900
B-04-MC-26-0024			884,085	93
B-06-MC-26-0024			690,456	4,842
B-07-MC-26-0024			618,529	246,320
B-08-MC-26-0024			615,535	483,516
Total CDBG Grants			3,698,605	754,671
Section 108 Loan	14.248		1,500,000	1,425,000
Passed through Michigan State Housing Development Authority - HOME Investment Partnership Program	14.239	M-2007-0287	227,700	-
Total U.S. Department of Housing and Urban Development			5,426,305	2,179,671
U.S. Department of Justice:				
Edward Byrne Memorial Justice Assistance Grant:	16.738			
2005-DJ-BX-0453			21,860	-
2006-DJ-BX-0572			14,993	-
Total Edward Byrne Memorial Justice Assistance Grant			36,853	-
Bulletproof Vest Partnership Program	16.607		4,367	4,367
Passed through City of Lansing - COPS Interoperable Communications Technology Grant	16.710	2005-IN-WX-0009	447,621	198,367
Total U.S. Department of Justice			488,841	202,734
U.S. Department of Transportation, Highway Safety Cluster:				
State and Community Highway Safety (OHSP)	20.600	* PT-08-33	80,448	42,399
Passed through City of Lansing - State and Community Highway Safety (OHSP)	20.600	* PT-07-30	14,950	13,592
Total OHSP			95,398	55,991
Occupant Protection	20.602	* PT-08-33	4,000	3,385
Passed through Meridian Township - Alcohol Traffic Safety and Drunk Driving Prevention Incentive Grant	20.601	* AL-07-63	4,881	4,881
Total U.S. Department of Transportation, Highway Safety Cluster			104,279	64,257

*Denotes that grant program is part of a cluster

City of East Lansing, Michigan

Schedule of Expenditures of Federal Awards (Continued) Year Ended June 30, 2008

Federal Agency/Pass-through Agency/Program Title	CFDA Number	Pass-through Entity Project/Grant Number	Award Amount	Federal Expenditures
U.S. Department of Health and Human Services - Passed through Ingham County - National Family Caregiver Support	93.052	F3ECG	\$ 74,818	\$ 74,818
U.S. Department of Agriculture - Cooperative Forestry Assistance	10.664	08-08	2,500	2,500
Elections Assistance Commission - Help America Vote Act Requirements Payments	90.401	071B4200254	9,600	9,600
Environmental Protection Agency - Contaminated Soil Grant	66.818	EPA-01	300,000	17,404
Total federal awards			<u>\$6,406,343</u>	<u>\$2,550,984</u>

City of East Lansing, Michigan

Notes to Schedule of Expenditures of Federal Awards Year Ended June 30, 2008

Note 1 - Significant Accounting Policies

The accompanying schedule of expenditures of federal awards includes the federal grant activity of the City of East Lansing, Michigan and is presented on the same basis of accounting as the basic financial statements. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

Note 2 - Loans Outstanding

The U.S. Department of Housing and Urban Development (HUD) awarded Section 108 guaranteed loans to the City of East Lansing, Michigan in the aggregate amount of \$1,500,000 in fiscal year 2007. The loans are for the purpose of housing and economic redevelopment.

Repayment of the Section 108 guaranteed loan under CFDA 14.248 commenced in 2008. Collateral for repayments of the funds include, in the following order, a pledge of the City of East Lansing, Michigan's Community Development Block Grant (CDBG) program income, proceeds from the sale of property acquired with HUD 108 loan proceeds, and proceeds from the Grove Street Parking Ramp.

Note 3 - Subrecipient Awards

Of the federal expenditures presented in the schedules, federal awards were provided to subrecipients as follows:

Federal Program	CFDA Number	Amount Provided to Subrecipients
Community Development Block Grant	14.218	\$ 88,050

City of East Lansing, Michigan

Schedule of Findings and Questioned Costs Year Ended June 30, 2008

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued: Unqualified

Internal control over financial reporting:

- Material weakness(es) identified? ☐ Yes ☒ No
- Significant deficiency identified that is not considered to be a material weakness? ☒ Yes ☐ None reported

Noncompliance material to financial statements noted? ☐ Yes ☒ No

Federal Awards

Internal control over major programs:

- Material weaknesses identified? ☐ Yes ☒ No
- Significant deficiencies identified that are not considered to be material weaknesses? ☐ Yes ☒ None reported

Type of auditor's report issued on compliance for major programs: Unqualified

Any audit findings disclosed that are required to be reported in accordance with Section 510(a) of Circular A-133? ☐ Yes ☒ No

Identification of major programs:

CFDA Numbers	Name of Federal Program or Cluster
14.218	Community Development Block Grant
14.248	Section 108 Loan

Dollar threshold used to distinguish between type A and type B programs: \$300,000

Auditee qualified as low-risk auditee? ☒ Yes ☐ No

City of East Lansing, Michigan

Schedule of Findings and Questioned Costs (Continued) Year Ended June 30, 2008

Section II - Financial Statement Audit Findings

Reference Number	Findings
2008-1	<p>Subsequent Disbursements</p> <p>Finding Type - Significant deficiency</p> <p>Criteria - All appropriate activity should be accurately recorded in each accounts payable, retainage payable, and expenditure account at the balance sheet date.</p> <p>Condition - Adjustments for accounts payable, retainage payable, and capital expenditures were not properly recorded in the general ledger at June 30, 2007.</p> <p>Context - Unrecorded amounts for accounts payable, retainage payable, and capital expenditures amounted to approximately \$197,100, \$21,900, and \$219,000, respectively.</p> <p>Cause - The City received a payment application for a construction project related to a fiscal year that had already been closed. The City had also not recorded an estimate for potential contracts not received.</p> <p>Effect - Certain liability and expenditure accounts were understated at the prior balance sheet date, and as a result, current year expenditures were overstated.</p> <p>Recommendation - The City should consider requesting payment applications as of June 30 from each of its major contractors before closing the books for the year. If the City becomes aware that payment applications will not be made available before the books are closed, it should consider recording an estimate for all applicable amounts.</p> <p>Views of Responsible Officials and Planned Corrective Actions - The City has implemented a new control over the payment application process for all outstanding construction projects. The accounting department has developed a schedule that shows all open construction projects and the status of their application payments as of year end. We can tell, upon review of the schedule, which contractors have not billed us for work completed in the fiscal year under audit. If a request to the contractor does not produce the needed invoice, the City will record an estimate for the applicable amount.</p>

City of East Lansing, Michigan

Schedule of Findings and Questioned Costs (Continued) Year Ended June 30, 2008

Section III - Federal Program Audit Findings

None

City of East Lansing, Michigan

**Report to the City Council
Year Ended June 30, 2008**



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To the City Council
City of East Lansing, Michigan

We have recently completed our audit of the basic financial statements of City of East Lansing, Michigan (the "City") for the year ended June 30, 2008. In addition to our audit report, we are providing the following letter of results of the audit and legislative items which impact the City:

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We would like to thank all of the City personnel for their cooperation and patience extended to our staff during the audit process. We would be happy to answer any questions you have regarding the basic financial statements or to assist you with any other items.

Plante & Moran, PLLC

November 5, 2008



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Results of the Audit

November 5, 2008

To the City Council
City of East Lansing, Michigan
410 Abbott Road
East Lansing, MI 48823

We have audited the financial statements of the City of East Lansing, Michigan for the year ended June 30, 2008 and have issued our report thereon dated November 5, 2008. Professional standards require that we provide you with the following information related to our audit.

Our Responsibility Under U.S. Generally Accepted Auditing Standards

As stated in our engagement letter dated September 8, 2008, our responsibility, as described by professional standards, is to express an opinion about whether the financial statements prepared by management with your oversight are fairly presented, in all material respects, in conformity with U.S. generally accepted accounting principles. We are responsible for planning and performing the audit to obtain reasonable, but not absolute, assurance that the financial statements are free of material misstatement. As part of our audit, we considered the internal control of the City of East Lansing, Michigan. Our consideration of internal control was solely for the purpose of determining our audit procedures and not to provide any assurance concerning such internal control.

We are responsible for communicating significant matters related to the audit that are, in our professional judgment, relevant to your responsibilities in overseeing the financial reporting process. However, we are not required to design procedures specifically to identify such matters and our audit of the financial statements does not relieve you or management of your responsibilities.

Our audit of City of East Lansing, Michigan's financial statements has also been conducted in accordance with *Government Auditing Standards*, issued by the Comptroller General of the United States. Under *Government Auditing Standards*, we have made some assessments of the City of East Lansing, Michigan's compliance with certain provisions of laws, regulations, contracts, and grant agreements. While those assessments are not sufficient to identify all noncompliance with applicable laws, regulations, and contract provisions, we are required to communicate all noncompliance conditions that come to our attention. We have communicated those conditions in a separate letter dated November 5, 2008 regarding our consideration of the City of East Lansing, Michigan's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements. No such conditions were required to be communicated.

We also are obligated to communicate certain matters related to our audit to those responsible for the governance of the City of East Lansing, Michigan, including certain instances of error or fraud and significant deficiencies in internal control that we identify during our audit. In certain situations, *Government Auditing Standards* requires disclosure of illegal acts to applicable government agencies. If such illegal acts were detected during our audit, we would be required to make disclosures regarding these acts to applicable government agencies. No such disclosures were required.

Planned Scope and Timing of the Audit

We performed the audit according to the planned scope and timing previously communicated to you in our meeting about planning matters on July 23, 2008.

Significant Audit Findings

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. In accordance with the terms of our engagement letter, we will advise management about the appropriateness of accounting policies and their application. The significant accounting policies used by City of East Lansing, Michigan are described in Note I to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during 2008.

We noted no transactions entered into by the City during the year for which there is a lack of authoritative guidance or consensus.

There are no significant transactions that have been recognized in the financial statements in a different period than when the transaction occurred.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimates affecting the financial statements are:

- Self-insured liability for general claims, workers' compensation claims, and prescription medication benefits as disclosed in Note 8
- Valuation of actuarial accrued liability for pension benefits, as disclosed in Note 9

Management's estimate of the self-insured liability is based on the City's calculation of future expenditures for these expenses. Management's estimate of valuation of the actuarial accrued liability for pension benefits is actuarially calculated. We evaluated the key factors and assumptions used to develop the accounting estimates in determining that it is reasonable in relation to the financial statements taken as a whole.

The disclosures in the financial statements are neutral, consistent, and clear.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. Management has determined that the effects of the following adjustments are immaterial, both individually and in the aggregate, to the financial statements taken as a whole:

- Adjustment in the Garage Fund to remove a tractor from the capital asset listing that was traded in during the year (\$9,306)
- To remove accounts payable in the General Fund related to prepaid postage that was acquired in the 2009 fiscal year (\$10,000)
- To record bad debt write-offs in the General Fund related to ambulance receivables (\$44,000)

In addition, none of the misstatements detected as a result of audit procedures and corrected by management were material, either individually or in the aggregate, to the financial statements taken as a whole.

Disagreements with Management

For the purpose of this letter, professional standards define a disagreement with management as a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Management's Representations

We have requested certain representations from management that are included in the management representation letter dated November 5, 2008.

November 5, 2008

Management's Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the City's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

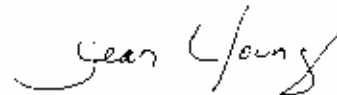
In the normal course of our professional association with the City, we generally discuss a variety of matters, including the application of accounting principles and auditing standards, business conditions affecting the City, and business plans and strategies that may affect the risks of material misstatement. None of the matters discussed resulted in a condition of our retention as the City's auditors.

In addition to the comments and recommendations in this letter, our observations and comments regarding the City of East Lansing, Michigan's internal controls, including any significant deficiencies or material weaknesses that we identified, have been reported to you in the accompanying report on internal control over financial reporting and on compliance and other matters based on an audit of financial statements performed in accordance with *Government Auditing Standards*. This report is included in the federal awards supplemental information (the single audit report), and we recommend that the matters we have noted there receive your careful consideration.

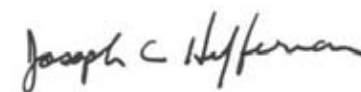
This information is intended solely for the use of the City Council and management of the City of East Lansing, Michigan and is not intended to be and should not be used by anyone other than these specified parties.

Very truly yours,

Plante & Moran, PLLC



Jean Young, CPA
Partner



Joe Heffernan, CPA
Partner

Legislative Items

Retiree Healthcare Benefits

As noted in the City's Comprehensive Annual Financial Report and in previous letters to the City Council, the Governmental Accounting Standards Board has released Statement Number 45, *Accounting and Reporting by Employers for Postemployment Benefits Other Than Pensions*. The new pronouncement provides guidance for local units of government in recognizing the cost of retiree health care, as well as any "other" postemployment benefits (other than pensions). The intent of the new rules is to recognize the cost of providing retiree healthcare coverage over the working life of the employee, rather than at the time the healthcare premiums are paid. These new rules will apply to the government-wide financial statements rather than the individual fund level, and will become effective to the City for the fiscal year ending June 30, 2009. The City has established a healthcare funding vehicle with MERS, and will be making a decision as to the level of funding to provide in the current year.

Property Tax Developments

The front page story several months ago is now old news. For many communities in Michigan, the challenging real estate market will negatively change the taxable value trends of recent years. Many communities saw modest declines in their 2008 taxable values, and if the downward trend in the housing market continues, the impact will be larger next year. The reason for this larger impact is that the mathematical calculation of Proposal A takes place property by property, rather than in total for the entire community. As a result, the longer the market declines, the more properties will have their market values decline sufficiently to cause a decline in taxable value. We expect that this decline will cause property taxes to remain stagnant or declining for a period of years.

Potential Legislation Impacting Property Taxes

While each community will need to carefully determine the impact of the current environment on its budget, there are also several pieces of legislation in Lansing that will impact property taxes going forward. Examples include:

- House Bill 4215 (Public Act 96 of 2008) allows property owners to obtain two principal residence exemptions in certain situations. The bill was designed for situations where a homeowner has purchased a new home and is unable to sell the existing home. The dual exemption only applies if certain conditions are met (i.e., the property previously occupied is for sale, not occupied, not leased or available for lease, etc.).

- A series of bills were introduced in March 2007 as part of a package to stimulate home sales (House Bills 4440, 4441, and 4442). The lead bill of that package, House Bill 4440, establishes an 18-month moratorium on the “pop-up” or “uncapping” of taxable value to state equalized value at the time of sale or transfer of a property. Property sales or transfers occurring in the time frame of the moratorium would continue to pay property taxes at the previous taxable value amount. The “pop-up” or “uncapping” of taxable value would be delayed until the property was sold or transferred in later years. House Bill 4440 actually passed the House in March 2007 and is currently in the Michigan Senate.
- Many property owners continue to struggle with the concept that their individual taxable values actually increased during a time that overall property values - and even their individual property values - have fallen. As we all have re-learned in recent months, that is a constitutional requirement that changed with Proposal A in 1994. It may be helpful to remember the principle behind Proposal A - its purpose was to disconnect taxable values from market value increases, and instead limit the growth in taxable values to the lesser of 5 percent or inflation, until that point that the property transfers ownership. Now that the market values are declining in many areas, Proposal A continues to stay disconnected, and allows the taxable value to increase by the lesser of 5 percent or inflation (up until the point that it reconnects with market values).

Fairly or not, this year, many property owners said it did not feel right when they saw their taxable value increase by inflation when market value did not. This has led to a discussion as to whether a third variable, called “change in market value,” needs to be added to the Proposal A formula. In what some are calling a “super cap,” the Proposal A formula to determine annual increases in taxable value (if property is not sold or transferred) would be the lesser of three components: inflation, change in market value, or 5 percent. Therefore, if the market value of the parcel was either flat or declining - even if the taxable value of the particular parcel was less than state equalized value - there would be no annual increase. To date, a proposal to accomplish this change has not moved through the Legislature. A change of this nature would impact local government budgets.

- As part of the changes to the single business tax last year and the introduction of the Michigan business tax, changes were also made to the calculation of tax rates applicable to industrial and commercial personal property taxes. As advertised, industrial personal property taxpayers received a reduction of the school operating mills (up to 18 mills) and the 6 mill state education tax. Commercial personal property taxpayers received a reduction of up to 12 school operating mills. However, if your community has a school district with “hold harmless” school mills, you must add back any hold harmless millage prior to computing the total mills to be levied. This may generate questions from commercial and industrial taxpayers.

City of East Lansing, Michigan

Legislative Items

- A Michigan Supreme Court case has changed how local governments can treat public service improvements by developers. Leading up to the court case, as private property owners or developers installed public service improvements (i.e. such as street lights, water and sewer lines, etc.) there was normally an increase in their property tax assessment. The Michigan Supreme Court upheld a Court of Appeals ruling that the installation of public service improvements does not constitute a taxable addition.

Revenue Sharing

The table below details state-shared revenue for the City since 2001 broken out by constitutional and statutory portions:

State Fiscal Year	Constitutional	Statutory	Total
2001	\$ 3,016,903	\$ 3,996,301	\$ 7,013,204
2002	3,047,634	3,747,974	6,795,608
2003	3,099,230	3,462,640	6,561,870
2004	3,065,565	2,831,934	5,897,499
2005	3,138,723	2,694,493	5,833,216
2006	3,192,160	2,576,152	5,768,312
2007	3,125,832	2,470,700	5,596,532
2008	3,230,194	2,366,338	5,596,532
2009 projected	3,172,837	2,473,109	5,645,946

It is apparent from the chart that the State has not funded the statutory revenue sharing to its funding levels in the statutes. You are well aware that this has been caused by the State's cutting of revenue sharing to help in balancing its General Fund budget. That said, it is still heartening to see the legislature work in the 2009 budget to maintain state-shared revenue at its current levels. However, in light of the current economic environment and anticipated further state budget difficulties, we strongly encourage local governments to be conservative when budgeting or projecting revenue sharing for the next few years.

Change in Investment Act

Public Act 213 of 2007, adopted at the end of 2007, requires local governments to perform their investment reporting quarterly to the governing body. The investment of surplus monies by Michigan local governments is controlled by Public Act 20 of 1943. The Act previously required investment reporting annually. It is suggested that the required quarterly reports list investments by institution along with maturity dates and interest rates.

Recent Revisions to State Transportation Funding Program

Current legislation modified Act 51 to allow local governments to transfer monies from their Major Street Fund (MSF) to their Local Street Fund (LSF) at a level of 50 percent of annual major street funding received. In addition, greater than 50 percent can be transferred. However, the amended law requires that certain conditions be met to allow for a transfer in excess of 50 percent including the adoption of an asset management process for the major and local street systems as well as a detailed resolution passed by the City. It is important to note that major street monies transferred for use on local streets cannot be used for construction but may be used for preservation. Current legislation also includes a pilot program that would allow for the combination of the Major Street Fund and the Local Street Fund if certain conditions are met.

In the current instructions to the Act 51 reports, MDOT has stipulated that these transfers from the MSF to the LSF will not be allowed after December 31, 2008, except to the extent matched by local revenues expended by the city or village of the major street system. It is unclear whether the actual legislation that allows this transfer (MCL Section 247.663(12) of PA 51 of 1951, as amended) is set to expire at the end of the year. Local governmental units should, however, be aware of this potential sunset and take appropriate action prior to December 31, 2008 to make transfers that are allowable through this date.

Fair and Accurate Credit Transactions

The Fair and Accurate Credit Transactions Act was passed in 2003, with final regulations published at the end of 2007. These FTC rules, and more specifically the Red Flag Rules encompassed in them, may be applicable to municipal utility systems. The rules, put in place as a measure to protect against identity theft, indicate that a “creditor” with a “covered account” must implement a written identify theft prevention program to detect, prevent, and mitigate identity theft in connection with the opening of a covered account or any existing covered account.

Under the rules, a creditor is defined very broadly, encompassing any entity that defers payment for goods and services, as defined under the Red Flag Rules. This most likely includes municipalities that “defer payments” by their utility customers when water, sewer, electric, gas, trash, and the like are sold to customers day-by-day but paid for at the end of the billing cycle.

The act would require written policies and procedures to be put in place to identify and follow up on red flags. Red flags, just as an example, would be the presentation by the customer of suspicious personal information that is inconsistent with external sources or suspicious documents provided for identification that appear to be alerted. The regulations appear to be flexible so that each government would have the ability to design an identity theft program that is tailored to its particular operation, given its size, technology currently utilized, and the perceived risk of identity theft in its community.

City of East Lansing, Michigan

Legislative Items

We understand that recent action has pushed back the required implementation date of this act, to allow creditors more time to put these new systems in place. We encourage you to follow up with legal counsel if you believe this act may apply to your governmental unit.

Other Legislative Items

- As part of Michigan's new "Planning Enabling Act," many local governments will now be required to prepare an annual "capital improvements program." This new requirement is effective September 1, 2008. According to Public Act 33 of 2008, a planning commission, after the adoption of a master plan, shall annually prepare a capital improvements program of public structures and improvements. The law does allow that if the planning commission is exempted from this requirement, the legislative body shall prepare and adopt a capital improvements program or delegate this responsibility to the administration of the local unit for the ultimate approval by the legislative body. The law provides that the capital improvement program report public structures and improvements that, in the community's judgment, will be needed or desirable within the next six years. The law also requires that the public structures and improvements included in the capital improvements program be prioritized. Townships that do not either individually or jointly own or operate a water supply or sewage disposal system are exempt from this requirement. In general, Plante & Moran strongly encourages the development of a capital plan. While the law is restricted to "public structures and improvements," we strongly encourage the inclusion of all capital assets - vehicles, machinery and equipment, office furnishing, etc. In addition, we feel the participation of the governing body (in addition to or instead of) the planning commission is good public policy.

This same public act added several other requirements of planning commissions, including annual reporting by the planning commission to the legislative body along with the mandatory creation of a master plan.

- Multiple bills are pending in Lansing that would make changes to investment laws governing Michigan communities. Changes have been proposed to add different types of investments to what is commonly referred to as "Public Act 20" which governs the investment of surplus operating monies. Changes are also being proposed to the laws governing the investment of retirement monies.
- A bill is pending in the Michigan legislature regarding retainages held by governmental units. Retainages are a common method used by local governments in procurement, particularly in the area of construction contracts. The law change focuses on reducing the retainage amount that a local government could require and stipulate the payment of interest on these monies among other provisions.
- Efforts continue in the wake of the *Bolt* case to provide a means for local units of government to engage in rate making to finance the cost of utility operations, particularly that of storm water. Senate Bill 1249 has been introduced to address the tests included in the *Bolt* decision on whether a charge is really a fee or a tax.

City of East Lansing, Michigan

Legislative Items

- At the federal level, a 2005 law change continues to get more attention as its effective date approaches. As part of the Tax Increase Prevention and Reconciliation Act of 2005, a new mandate was introduced which will require any governmental entity spending more than \$100 million a year in goods and services to withhold 3 percent of government payments beginning in 2011. Governmental units subject to this requirement will also be subject to new reporting rules for applicable payments. Numerous groups - both public and private sector, including the U.S. Department of Defense - have expressed concerns on the cost and practicality of implementing this new mandate. A bill is pending in Congress to delay implementation by a year until January 2012.

City of East Lansing, Michigan

Comprehensive Annual Financial Report June 30, 2008

Prepared by:

**Department of Finance
Mary Haskell, CPA
Director of Finance**

Introductory Section

City of East Lansing, Michigan

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City of East Lansing, Michigan

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November 5, 2008

Mayor and Members of City Council
City of East Lansing
East Lansing, Michigan 48823

The Comprehensive Annual Financial Report of the City of East Lansing for the fiscal year ended June 30, 2008, is submitted herewith. This report was prepared by the City's Finance Department. Responsibility for both the accuracy of the data presented and the completeness and fairness of the presentation, including all disclosures, rests with the City's administration. We believe this financial information is accurate in all material aspects: that it is presented in a manner designated to fairly state the financial position and results of operations of the City as measured by the financial activity of its various funds; and that all disclosures necessary to enable the reader to gain the maximum understanding of the City's financial activities are included.

The statements for the fiscal year ending June 30, 2008, were prepared in accordance with Statement No. 34 of the Government Accounting Standards Board (GASB #34) entitled "Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments." Before GASB #34 implementation, the financial statements only provided information about individual funds of the City. These funds established by the City show restrictions on planned use of resources or to measure, in the short term, the revenues and expenditures arising from municipal activities. While some of the statements in the CAFR are still on an individual fund basis, GASB #34 requires new government-wide financial statements which were prepared using accrual accounting for all government activities. These statements at the government-wide level will help readers assess the finances of the government in its entirety; determine if the City's overall financial position improved or deteriorated, and see how the City invested in capital assets like roads, bridges, sewers, parks, etc. The government-wide statements are aimed at looking at the City as a whole and how it looks in the long term. Also included is a section called Management Discussion and Analysis which is intended to give an easily readable analysis of the City's financial performance for the year.

CITY SERVICES

The City provides the full range of municipal services contemplated by statute and/or charter. These services include police, fire, rescue, ambulance, district court, sanitation, recycling, recreation, library, streets and roads, public improvements, downtown parking, water, sewer, planning, zoning and general administrative services.

ECONOMIC CONDITION AND OUTLOOK

East Lansing is located in central Lower Michigan adjacent to the City of Lansing--Michigan's state capital. East Lansing is a residential, commercial oriented community serving as a local business, marketing and cultural center and is the home of Michigan State University.

The State of Michigan's economic recovery continues to be challenged by having the highest unemployment rates in the nation as well as coping with the impact of the domestic auto industry's decline. The East Lansing economy appears to still be stable when compared to what's happening to other communities in the State. The state equalized value (SEV) of all property in the City grew at 3.3% over last year despite an inflationary increase of 2.3%. The City continues to grow, but at a much slower rate than the prior year. For the calendar year 2007, the City issued 508 permits with a value of \$18,307,715 compared to calendar year 2006, 653 permits with a value of \$66,830,202.

In November 1993, Michigan voters passed a Proposal A which affects how K-12 education is funded. School operating property taxes were drastically reduced which cut many homeowners' property taxes in half. In its place, a 2 cent sales tax increase was implemented which was earmarked for education, as well as a state wide 6 mill education property tax. While the ballot initiative had the greatest impact on school funding, there were several City budget impacts as well. Proposal A also limited the increase on assessment of individual properties to the lesser of 5% or the consumer price index (CPI). The only exception to this provision is the uncapping of taxable value upon the transfer of property ownership. The initiative also called for an assessment increase limit of 5% or consumer price index whichever is LESS by individual parcel, except when the ownership of a parcel is transferred. Therefore, the ability to raise revenue with the increase in property value is greatly diminished.

At this time, it looks as if revenue sharing payments to local governments will remain flat but the Governor has just announced that the State will be forced to cut \$250 million out of its current budget. Since revenue sharing from the State represents 16.5% of our revenue, we remain vulnerable if the State chooses to reduce the statutory portion to local units.

MAJOR INITIATIVES

In 1996, 1998, 2000, 2002, 2004 and 2006 the City Council adopted a set of strategic priorities on which the City focused its attention. In summer of 2008, Council again updated these priorities which formed the framework for the Council's initiatives. A total of 115 activities and goals were pared down to 41 objectives with attendant action steps contained in an appendix. This document will be used to guide for policy-setting over the next two years. They include:

STRONG NEIGHBORHOODS

The City's neighborhoods can increase their attractiveness for a diverse population of residents through the continuous improvements of public services, the provision of aesthetically pleasing and safe community amenities, and the maintenance of a strong infrastructure and quality housing stock.

VIBRANT ECONOMY

Continued economic development and strengthened efforts to expand the diversity of businesses and services will contribute to a vibrant economy.

ENHANCED PUBLIC ASSETS

Maintaining and improving the City's public assets is critical to East Lansing's well-being. These assets include physical structures and facilities as well as the recreational, cultural and educational programs that provide all residents with a sense of community.

ENVIRONMENTAL QUALITY

Protecting the health and environment of the East Lansing community encompasses many areas of City government. Efficient and effective water, sewer, street and transportation systems are all key elements in achieving a high quality, healthy environment.

HIGH PERFORMING CITY GOVERNMENT

Maintaining a dynamic, high performing City government organization is necessary to achieve improvements in the four other strategic priority areas. The City will continue to focus on efficiency and effectiveness in the way work is performed and customer services are delivered.

The City and its leadership are also committed to prudent fiscal management and stewardship of our citizens' tax dollars. To honor this commitment, we have developed a five-year financial plan and several financial policies to provide guidance in short and long-term decision-making. The City's debt management policy and fund balance reserve policy are particularly useful as we strive to preserve the optimal amount of "rainy-day" funds while still encouraging the economic development that continues throughout the City.

Significant Initiatives -

The following is a partial list of significant initiatives either underway or accomplished in FY2008:

- The City updated its five year financial forecast for the General Fund for the third year as part of its strategic fiscal planning practices. The forecast became a framework for making financial decisions throughout the 2008 year and an integral part of developing the 2009 fiscal year budget.
- As a result of its sound financial policies, growth in tax base, long-term labor agreements, stable employee health care costs and carefully planned development projects, the City was able to maintain its AA+ bond rating from Fitch and Standard and Poor's rating agencies.
- The City installed a Geographic Information System (GIS) viewer to a property information site in 2008. Community members can access basic property information, including the most up-to-date assessed value, taxable value and homestead information available.
- A community survey was conducted in the City in 2008 to gauge residents' overall satisfaction with the City and its services. The survey showed that an outstanding 97% of residents think the East Lansing is a good or excellent place in which to live. It will be used as a tool to make

improvements to service, continue the City's well-received practices and make policy changes in the future. The survey also reflects the highest ratings ever for trust in government.

- In an effort to rebrand itself and emerge as an independent non-profit organization, the East Lansing Housing & Neighborhood Services, Inc. became Hometown Housing Partnership, Inc. In addition to hiring a new executive director, the HHIP worked with the City and Michigan State University to administer the Employee Home Ownership Program (EHOP). This program awards \$5,000 forgivable loans to be used on closing costs on the purchase of East Lansing homes.
- With a goal of modernizing and simplifying neighborhood refuse collection in 2008, the Department of Public Works implemented a vital revision to the City of East Lansing's solid waste ordinance. Beginning in October, owners of single-family and two-family dwellings who utilize the City's collection service were obliged to purchase City-wheeled carts (Easy Carts) or City-issued trash bags for refuse collection.
- The East Lansing City Clerk's office continued its outreach to the community in 2008 by taking voter education on the road. The office partnered with Michigan State University (MSU) on the YouVote campaign, which serves to educate students about the importance of voting.
- The nationally accredited East Lansing Prime Time Senior's Program had a year packed with progress and growth. The center continues to add to its growing list of classes and programs. Prime Time also partnered with MSU to offer a memory training class to its patrons.
- The East Lansing Public Library (ELPL) received national accolades from the United States Board on Books for Young People in the form of a 2008 Bridge to Understanding Award for its innovative annual program.
- A new search engine was launched at the East Lansing Public Library this year. The new, state-of-the-art technology, Encore, makes finding what the library has to offer easier than ever before.
- The City's Police Chief held a press conference this year to release a new statistical report prepared by the East Lansing Police Department. The report shows that Part I crimes (includes murder, non-negligent manslaughter, criminal sexual conduct, rape, robbery, aggravated assault, burglary, larceny, auto theft and arson) hit an astounding 28-year low.
- The City changed the look of its police patrol fleet with the purchase of 13 new black-and-white Ford Crown Victoria patrol cars. Each patrol car includes a new digital recording system and a new mobile data computer system, which is connected to the Ingham County Sheriff's Office's records system.
- The City of East Lansing's Fire Department purchased a fire rescue vehicle to be used for hazmat and technical rescue operations. This apparatus was a \$300,000 investment for the community and substantially improves fire protection and safety for the East Lansing community and region as a whole.
- A new online registration program, WebTrac, was introduced by the East Lansing Parks and Recreation Department in 2008. This system offers access to class and program registration services 24 hours a day, seven days a week.

INTERNAL CONTROLS

Management of the City is responsible for establishing and maintaining an internal control structure designed to ensure that the City assets are protected from loss, theft or misuse and to ensure that adequate accounting data are compiled to allow for the preparation of financial statements in conformity with accounting principles generally accepted in the United States of America. The internal control structure is designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that: (1) the cost of the control should not exceed the benefits likely to be derived; and (2) the valuation of costs and benefits requires estimates and judgments by management.

MUNICIPAL SECONDARY MARKET DISCLOSURE

Certain financial information is required to be disclosed annually in compliance with Security and Exchange Commission Rule 15c. 2-12. We maintain the information contained in this Comprehensive Annual Financial Report that meets the annual reporting guidelines.

INDEPENDENT AUDIT

The City Charter and State Law require an audit of the accounts of the City annually by qualified accountants experienced in municipal accounting. The City contracted with the auditing firm of Plante & Moran, PLLC, to conduct the audit and their report is included in the Comprehensive Annual Financial Report. The audit team consisted of Joe Heffernan, Partner and other supporting staff.

CERTIFICATE OF ACHIEVEMENT

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of East Lansing for its Comprehensive Annual Financial Report (CAFR) for the fiscal year ended June 30, 2007, as well as the twenty three previous fiscal years.

In order to be awarded a Certificate of Achievement, a governmental unit must publish an easily readable and efficiently organized Comprehensive Annual Financial Report whose contents conform to program standards. Such reports must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe our current report continues to conform to Certificate of Achievement Program requirements, and we are submitting it to the GFOA to determine its eligibility for another certificate.

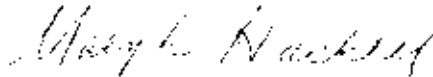
ACKNOWLEDGMENT

The attached report represents the final product in the accounting cycle of the City for the year ended June 30, 2008. The issuance of this report is the culmination of many hours of effort in analyzing and reporting city-wide fiscal operations for the 2008 year. We would like to express our appreciation to Plante & Moran, PLLC, auditors for their efforts in making their audit run smoothly. We also wish to acknowledge the efforts of Mike Birchmeier, CPA, Budget & Accounting Administrator; Vicki Durr-Marinez, Finance Secretary; Jamen Winters, Assistant Treasurer and other staff members in their efforts in closing the books and assisting the auditors in their examination. We would like to give special thanks to Jill Martinez, CPA, Assistant Finance Director and Treasurer, who provided such valuable support during the audit and report-writing process. We would also like to thank the Mayor and the City Council for their interest and support in the financial condition of the City. For further information regarding the City's financial condition, please see the Management Discussion and Analysis included in the report.

Sincerely,



Theodore J. Staton
City Manager



Mary L. Haskell, CPA
Director of Finance

Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of East Lansing
Michigan

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
June 30, 2007

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



Chae S. Cox

President

Jeffrey R. Enos

Executive Director

East Lansing Citizens

City Council

City Attorney
Dennis McGinty

City Manager
Theodore J. Stalon

City Manager / Director of Admin. Services
George Lahanas
Assistant to the City Manager
Marie McKenna

Boards and Commissions

Library
Director Sylvia Marabate

54 B District Court
Chief Judge David L. Jordan
Judge Richard D. Ball

Administrator
Nancy L. Moylan

Planning and Community Development
Director James van Ravensway

Parking
Administrator
Dan O'Connor

Planning and Zoning
Administrator
Darryl Schmitt

Community and Economic Development
Administrator
Tim Dempsey

Administrative Services
Director / Deputy City Manager
George Lahanas

Compensation / Benefits Manager
Sally Schepels

City Clerk / Elections Clerk
Nicole Evans

Communications Coordinators
Arlene Van Antwerp
Michelle Frey

Information Systems Administrator
Alan McCarroll

Parks, Recreation and Arts
Director, Tim McCullvey
Assistant Director
Wendy Wilmers-Longtre

Code Enforcement and Neighborhood Conservation
Director
Howard Asch

Operations Administrator
Aimee Irwin

Seniors' Program
Director Kelly Amold

Art Festival Coordinator
Corrin Van Wyck

Asst. Treasurer
James Winters

Assessor
Jane Meddough

Finance Services Director/CFO
Mary Haskell

Asst. Director / Treasurer
Jill Martinez

Accounting & Budget Administrator
Michael Birkenmeier

Police Department
Chief Tom Wilbert

Administration
Deputy Chief Juli Liebler

Operations
Captain Tom Johnson
Patrol, Detection & Bureau

Support Services
Captain Kim Johnson
Training, Records, & Mail

Fire Department
Chief Randall G. Taliferro

Operations
Deputy Chiefs
Tim Hall
Pat Nicksdor
Scott Wymann

Prevention
Fire Marshal
Bob Pratt

Public Works and Environmental Services
Director Todd Sweddon

Operations Administrator
Angela Mahin

Engineering Administrator
Bob Schaeferman

Waste Water Treatment Plant Superintendent
Jeff Admon

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Financial Section



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Independent Auditor's Report

To the City Council
City of East Lansing, Michigan

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of East Lansing, Michigan as of and for the year ended June 30, 2008, which collectively comprise the City's basic financial statements as listed in the table of contents. These basic financial statements are the responsibility of the City of East Lansing, Michigan's management. Our responsibility is to express opinions on these basic financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the basic financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the basic financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall basic financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the basic financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of East Lansing, Michigan as of June 30, 2008 and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

To the City Council
City of East Lansing, Michigan

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of East Lansing, Michigan's basic financial statements. The management's discussion and analysis and the budgetary comparison schedule - General Fund, as identified in the table of contents, are not a required part of the basic financial statements but are supplemental information required by the Governmental Accounting Standards Board. The introductory section, other supplemental information, and statistical section, as identified in the table of contents, are presented for the purpose of additional analysis and are not a required part of the basic financial statements. The budgetary comparison schedules, combining balance sheets, and combining statements of revenue, expenditures, and changes in fund balance have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. We have applied certain limited procedures to the management's discussion and analysis, which consisted principally of inquiries of management, regarding the methods of measurement and presentation of the required supplemental information. However, we did not audit the information and express no opinion on it. The introductory section and statistical section have not been subjected to the auditing procedures applied by us in the audit of the basic financial statements and, accordingly, we express no opinion on them.

In accordance with *Government Auditing Standards*, we have also issued our report dated November 5, 2008 on our consideration of the City of East Lansing, Michigan's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grants, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide opinions on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Plante & Moran, PLLC

November 5, 2008

Management's Discussion and Analysis

City of East Lansing, Michigan

Management's Discussion and Analysis

Overview of the Financial Statements

The City of East Lansing's 2008 annual report follows the same format as last year. The annual report consists of five parts - management's discussion and analysis, the basic financial statements, required supplemental information, other supplemental information that presents combining statements for nonmajor governmental funds and fiduciary funds, and a statistical section. The basic financial statements include two kinds of statements that present different views of the City. The first two statements are government-wide financial statements that provide both long-term and short-term information about the City's overall financial status. The remaining statements are fund financial statements that focus on individual parts of the City's government, reporting the City's operations in more detail than the government-wide statements.

Government-wide Statements

The government-wide statements report information about the City as a whole using accounting methods similar to those used by private-sector companies. The statement of net assets includes all of the government's assets and liabilities. All of the current year's revenues and expenses are accounted for in the statement of activities regardless of when cash is received or paid.

The two government-wide statements report the City's net assets and how they have changed. Net assets, the difference between the City's assets and liabilities, are one way to measure the City's financial health or position.

The government-wide financial statements of the City are divided into three categories:

- **Governmental activities** - Most of the City's basic services are included here, such as police, fire, public works, court, streets, recreation, library, solid waste disposal, parks departments, and general administration. Property taxes, state-shared revenue, charges for services, and court revenues provide most of the funding.
- **Business-type activities** - The City charges fees to customers to help it cover the costs of certain services it provides. The City's water and sewer system and automobile parking system are treated as business-type activities.
- **Component units** - The City includes five other entities in its report: the Downtown Development Authority, the Downtown Management Board, the Brownfield Redevelopment Authority, the Economic Development Corporation, and the Local Development Financing Authority. Although legally separate, these "component units" are important because the City is financially accountable for them, including debt, which was issued on behalf of the authorities by the City.

City of East Lansing, Michigan

Management's Discussion and Analysis (Continued)

Fund Financial Statements

The fund financial statements provide more detailed information about the City's most significant funds - not the City as a whole. Funds are accounting devices that the City uses to keep track of specific sources of funding and spending for particular purposes. Some funds are required by state law and bond covenants. The City Council establishes other funds to control and manage money for particular purposes.

The City has three kinds of funds:

- **Governmental funds** - Most of the City's basic services are included in governmental funds, which focus on how cash and other financial assets can readily be converted to cash flow in and out, and the balances left at year end that are available for spending. The governmental fund statements provide a detailed short-term view that helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the City's programs.
- **Proprietary funds** - Services for which the City charges customers a fee are generally reported in proprietary funds. Proprietary funds, like government-wide statements, provide both long- and short-term financial information.
- **Fiduciary fund** - The City is responsible for ensuring that the assets reported in this fund are used for their intended purpose. All of the City's fiduciary activities are reported in a separate statement of fiduciary assets and liabilities. We exclude these activities from the City's government-wide financial statements because the City cannot use these assets to finance its operations.

City of East Lansing, Michigan

Management's Discussion and Analysis (Continued)

Financial Overview

The City of East Lansing has combined net assets of approximately \$87.9 million. Business-type activities comprise approximately \$35.6 million, and governmental activities make up approximately \$52.3 million of the total net assets. In a condensed format, the table below shows a comparison of the net assets as of the current date to the prior year:

	Governmental Activities		Business-type Activities		Total	
	2008	2007	2008	2007	2008	2007
Assets						
Current assets	\$ 20,164,321	\$ 22,212,759	\$ 4,037,974	\$ 2,868,232	\$ 24,202,295	\$ 25,080,991
Other noncurrent assets	1,057,738	1,958,667	3,813,268	7,225,369	4,871,006	9,184,036
Capital assets	<u>70,816,321</u>	<u>68,013,143</u>	<u>74,310,075</u>	<u>72,961,552</u>	<u>145,126,396</u>	<u>140,974,695</u>
Total assets	92,038,380	92,184,569	82,161,317	83,055,153	174,199,697	175,239,722
Liabilities						
Current liabilities	7,760,617	10,610,274	4,735,901	4,128,141	12,496,518	14,738,415
Long-term liabilities	<u>31,974,111</u>	<u>31,404,058</u>	<u>41,874,138</u>	<u>44,773,146</u>	<u>73,848,249</u>	<u>76,177,204</u>
Total liabilities	39,734,728	42,014,332	46,610,039	48,901,287	86,344,767	90,915,619
Net Assets						
Invested in capital assets -						
Net of related debt	39,739,466	36,734,720	30,554,260	29,596,773	70,293,726	66,331,493
Restricted	3,141,727	3,231,127	415,869	-	3,557,596	3,231,127
Unrestricted	<u>9,422,459</u>	<u>10,204,390</u>	<u>4,581,149</u>	<u>4,557,093</u>	<u>14,003,608</u>	<u>14,761,483</u>
Total net assets	<u>\$ 52,303,652</u>	<u>\$ 50,170,237</u>	<u>\$ 35,551,278</u>	<u>\$ 34,153,866</u>	<u>\$ 87,854,930</u>	<u>\$ 84,324,103</u>

Net assets increased in total by \$3,530,827 or 4.2 percent.

The Governmental activities increased \$2,133,415 or 4.3 percent. The primary source of the increase can be attributed to the increase in the investment in capital assets; from the Abbott Road construction project, the Hannah Center locker and fitness room expansion and renovation project, the Aquatic Splash Pad purchase and installation, and numerous other facility improvement projects in the Capital Projects Funds.

Business-type activities' net assets increased by \$1,397,412 or 4.1 percent when compared to the prior fiscal year. This was largely driven by the increase in the investment in capital assets in the Automobile Parking System Fund. The City bonded in FY07 (\$3,085,000) for the purchase of a two-level parking deck in the Stonehouse Village III development project and expansion of Parking Lot 11 (\$625,000). Construction continued throughout FY08 with the purchase of the completed parking deck taking place in the fall of 2008.

City of East Lansing, Michigan

Management's Discussion and Analysis (Continued)

Financial Overview (Continued)

The following table shows the changes in net assets:

	Governmental Activities		Business-type Activities		Total	
	2008	2007	2008	2007	2008	2007
Revenue						
Program revenue:						
Charges for services	\$ 11,859,442	\$ 11,585,444	\$ 14,070,584	\$ 14,245,819	\$ 25,930,026	\$ 25,831,263
Operating grants and contributions	7,280,190	6,783,120	497,150	-	7,777,340	6,783,120
Capital grants and contributions	3,788,551	3,033,485	1,151,731	2,227,380	4,940,282	5,260,865
General revenue:						
Property taxes	18,032,780	17,069,798	-	-	18,032,780	17,069,798
State-shared revenue	5,524,157	5,729,807	-	-	5,524,157	5,729,807
Unrestricted investment earnings	552,142	501,263	143,607	42,114	695,749	543,377
Unrestricted franchise fees	424,737	421,492	-	-	424,737	421,492
Miscellaneous	37,758	141,468	-	-	37,758	141,468
Total revenue	47,499,757	45,265,877	15,863,072	16,515,313	63,362,829	61,781,190
Program Expenses						
General government	8,541,081	8,381,585	-	-	8,541,081	8,381,585
Public safety	18,098,920	17,533,818	-	-	18,098,920	17,533,818
Public works	7,936,008	7,412,733	-	-	7,936,008	7,412,733
Health and welfare	105,508	96,469	-	-	105,508	96,469
Community and economic development	1,919,829	2,428,516	-	-	1,919,829	2,428,516
Recreation and culture	7,693,032	7,946,825	-	-	7,693,032	7,946,825
Interest on long-term debt	1,071,964	964,285	-	-	1,071,964	964,285
Water	-	-	3,093,578	2,959,887	3,093,578	2,959,887
Sewer	-	-	7,813,623	7,419,026	7,813,623	7,419,026
Parking	-	-	3,558,459	3,520,969	3,558,459	3,520,969
Total program expenses	45,366,342	44,764,231	14,465,660	13,899,882	59,832,002	58,664,113
Change in Net Assets	2,133,415	501,646	1,397,412	2,615,431	3,530,827	3,117,077
Net Assets - Beginning of year	50,170,237	49,668,591	34,153,866	31,538,435	84,324,103	81,207,026
Net Assets - End of year	\$ 52,303,652	\$ 50,170,237	\$ 35,551,278	\$ 34,153,866	\$ 87,854,930	\$ 84,324,103

City of East Lansing, Michigan

Management's Discussion and Analysis (Continued)

Governmental Activities

Revenues for governmental activities totaled approximately \$47.5 million in 2008. A total of \$18.0 million was in the form of property tax collections which reflects no increase in the total millage rate, but an increase of \$51 million in taxable value, or 5.8 percent due to new construction and increases in existing properties. The City received full funding of \$1.3 million for fire protection services of governmental buildings which was reduced by the State in prior years. We also received an additional \$435,000 from the State for fire protection but this represented an overpayment that will be subtracted from our first FY09 payment. State-shared revenues continue to be of concern given the seriousness of national and state economic problems. While the State provided \$5.5 million to the City in FY08, this is more than a \$200,000 decrease from FY07. A small increase (approximately \$49,000) in the statutory portion of the payment has been projected to be paid by the State in August 2009. The amount is equivalent to 2.0 percent of the statutory payment the State made in their 2007 fiscal year to the City, but this will be adjusted if the State's sales tax collections come in lower than what the State has estimated.

On the expenditure side, we saw the most significant changes from the prior year in:

- Public safety increased by \$565,102 from higher defined benefit contribution rates and from a police contract service payment for a City-hosted regional training at the Hannah Center.
- Public works expenditures increased by \$523,275 primarily due to an increase in costs associated with the remediation of Burcham Park and higher snow and ice removal costs for the longer and harsher 2008 winter.
- Community and Economic Development saw a decrease of \$508,687 in costs when compared to the prior fiscal year. The Avondale Square project did succeed in opening a model home in FY08 but the overall development slowed with the down turn in the housing market. Accordingly, project spending has experienced a slow down.

Business-type Activities

The City of East Lansing has three business-type activities. These include the water, sewer, and automobile parking operations. Revenues for business-type activities were \$15.9 million. This is down from \$16.5 million in FY07 predominantly because of the reduction in the contributed capital from developer constructed infrastructure improvements. The City purchases water from the East Lansing Meridian Water Sewer Authority and water is distributed by the City through mains to customers. The City operates the wastewater treatment plant, which serves not only the City, but also Michigan State University and Meridian Township through contracts. City customers are billed quarterly for water and sewer service based on water consumption.

Additionally, developers and special assessments projects (see page 22) constructed water lines and sewage improvements with a value of \$1,151,731 and donated them to the City. The larger portion of these projects was recognized in FY07 where the value of contributed capital was \$2,227,380.

City of East Lansing, Michigan

Management's Discussion and Analysis (Continued)

The automobile parking system consists of four attended parking ramps, two attended surface lots, six metered lots, one permit-only lot, and various street meters all in the downtown area. Parking revenue includes monthly permits, transient parking (spitter tickets), merchant validations, and meter revenues.

Financial Analysis of City Funds and Budgets

General Fund

The General Fund ended 2008 with an undesignated fund balance of \$3,136,935 (compared to \$2,586,689 in 2007), with another \$834,033 designated for appropriation in fiscal year 2009 or set aside for special purposes. Prepaid special assessment revenue of \$1,348,383 had been reserved in fund balance at the end of FY07 but was transferred to the Debt Service Fund in FY08 and reserved there for the payment of debt service on the special assessment bonds.

Several factors affected General Fund operating results. Property taxes and assessments reflected a decrease of 12.4 percent or \$2,149,693 over last year's revenue due to the debt service millage revenues being recorded in the Debt Service Fund in FY08 and in the General Fund in FY07. Licenses and permits fell below budget by \$119,514 reflecting a shortfall from expected construction activity. The primary reason intergovernmental revenue is higher than budget is due to the overpayment of the Fire Protection reimbursement (PA 289) from the State. Charges for services' positive budget variance reflects higher than estimated ambulance transport revenue, court cost reimbursements, and police revenue for fingerprinting and PBT's. Fines and forfeitures show a negative variance of \$339,517 from budget because parking fine and ordinance fine revenue from the 54-B District Court failed to meet estimations. Other revenue is \$213,400 over budget because of the reclassification of contributions from other jurisdictions for the police CAD/RMS project.

The General Fund budget is amended throughout the year as deemed necessary. This is done primarily to prevent unfavorable budget variances. With that in mind, the General Fund expenditures were 97.7 percent of budget. General government was \$308,213 under budget primarily due to savings in several departmental cost centers. Actual insurance claims in government buildings came in lower than what was budgeted, 54-B realized lower personal service costs, the city clerk's office published fewer legal notices and used far less temporary election workers than was budgeted, and the assessing department experienced personal service savings when transitioning in the new City Assessor.

Public safety was \$154,042 under budget due to a delay in spending budgeted capital outlay money for its new CAD/RMS system. The remainder of what is owed on the contract is encumbered for FY09.

Public works - Sanitation is over budget by \$27,057 due to heavier work order charges than was planned.

City of East Lansing, Michigan

Management's Discussion and Analysis (Continued)

Public works - Highways and streets is under budget by \$142,626. A portion of the planned hazardous sidewalk repair work did not get finished as planned this fiscal year. The remaining amount of the budget will be encumbered in FY09.

Culture and recreation is under budget by \$157,462 because of the departure of the Art's Planning Administrator and the delay of some of the planned activities.

Major Streets Fund

The Major Streets Fund had an unreserved fund deficit of \$651,566 due to the early completion of the Abbott Road construction project and the delay in reimbursement for contractor payments made by the City for the State's portion of the project. The City will be reimbursed for these additional expenses by the State early in their new fiscal year. Since this was too long a period subsequent to the City's fiscal year end, under modified cash accounting rules, the contribution from the State could not be recorded as revenue. Furthermore, the original, longer construction schedule would have allowed the City to collect the additional Act 51 revenue and have access to the FY09 federal funds (that are distributed by the State) that were anticipated at the onset of this project.

Solid Waste Fund

An accumulated surplus of \$166,061 within the Solid Waste Fund relates to property tax revenue and has been reserved in the fund balance for solid waste operations. An additional \$330,200 has been inventoried as assets available for sale to account for the purchase of several properties associated with the continued remediation of the Burcham Park site.

Debt Management

The City is very proud to have maintained its increased AA+ rating from both Standard & Poor's and Fitch Investor Services.

The City sold two bond issues in fiscal year 2008. They are as follows:

- \$2,125,000 of General Obligation Limited Tax Refunding Bonds - On January 3, 2008, the City refunded \$2,090,000 of 1996 Building Authority Refunding Bonds. The 1996 bonds were originally issued on October 29, 1996, callable October 1, 2007, and had an average coupon rate of 5.46 percent. Upon execution of the sale, with interest to call, \$2,146,531 was disbursed to the escrow account. The total net present savings on the 2008 refunding was \$110,664 which is approximately 5.3 percent of par. Nominal debt service savings were \$133,524 and the average coupon rate of the 2008 bonds is 3.92 percent.

City of East Lansing, Michigan

Management's Discussion and Analysis (Continued)

- \$1,225,000 of bonds comprised of \$795,000 of General Obligation Limited Tax Bonds-Series A and \$430,000 General Obligation Limited Tax Bonds-Taxable-Series B:
 - Series A bonds, \$795,000, were issued to fund several facility capital projects: a new chiller for City Hall, major roof replacements at the Library, Bailey Center, and 54-B District Court, jail and police locker room improvements, fire station pavement replacement, purchase of in-car video cameras for the police cars, and automatic ticket writers for the PACE officers.
 - Series B bonds, \$430,000, were issued on behalf of the City's Downtown Development Authority to fund leasehold improvements at The Technology Innovation Center.

For more information on long-term debt, please refer to Note 7 on pages 42 through 45.

Capital Projects

The City started the Abbott/Chandler Road reconstruction project in January 2008 and completed it in July, more than three months ahead of schedule. The project spans almost one mile between Lake Lansing and Coleman roads and expands the roadway from two lanes to four lanes. More than \$2.5 million has been expended on the project as of fiscal year end.

As part of the Local Street's program, the reconstruction of Fair Oaks Court, Farwood Drive, and Boltwood Drive took place this fiscal year. The project consisted of the installation of new asphalt pavement, replacement of curbs and gutters, and minor utility repairs and extensions.

The City spent over \$540,000 on the Hazardous Sidewalk Program this fiscal year. DPW replaced sidewalks in the Glencairn neighborhood which is bounded by Saginaw Street to the north, Abbott Road on the east, the City limits to the west, and Michigan Avenue to the south.

The East Lansing Family Aquatic Center completed installation and introduced its newest amenity, a 12-feature, fully accessible Splash Park in 2008. The 3,000 square Splash Park features geysers, water jets, buckets, sprays, and more. The total costs of \$266,000 are being partially offset by contributions.

The City completed an Access to Recreation project that was made possible by a \$20,000 grant from the Michigan Recreation and Park Association Foundation. The project included the addition of wheelchair accessible picnic tables within the East Lansing Aquatic Center and the installation of a concrete pad that provides wheelchair access to picnic shelters and a portion of the Northern Tier Trail.

A free outdoor amenity for East Lansing dog owners, the Northern Tail Dog Park, opened in October 2007. Fundraising events in addition to General Fund support funded the construction of the two acres of fenced-in field along the northeast edge of the East Lansing Family Aquatic Center parking lot.

City of East Lansing, Michigan

Management's Discussion and Analysis (Continued)

Leasehold improvements began at the new East Lansing Technology Innovation Center, a City project supported by the Lansing Regional SmartZone and East Lansing Downtown Development Authority. Located on the third level above Barnes & Noble Booksellers, the 7,000 square-foot Technology Innovation Center provides economic support to technology-based business startups in the region.

A residential development, named Avondale Square, was started by the City late in fiscal year 2006. In fiscal year 2007 the City received a special-purpose grant for \$346,000 and borrowed \$1.5 million from HUD to acquire existing homes in the 600 block of Virginia Street. Most of these homes were demolished in fiscal year 2008 and the improved sites will be sold to a private developer to build 16 single-family detached homes and 14 townhouses. Construction of the model home is complete and construction of two additional homes is now underway. The City's Department of Public Works oversaw the substantial completion of the reconstruction of the streets and sewer portion of the project. The infrastructure portion of the project included installation of new reconfigured curb and gutter, asphalt pavement, replacement of the sanitary sewer main, and installation of new sidewalks. Community Development Block Grant revenue from the federal government has been pledged to repay the outstanding HUD note over the next 20 fiscal years. In fiscal year 2007, a \$2.5 million short-term loan was secured through a local bank and certificates of participation were issued. A total of \$1.6 million has been drawn on the loan as of fiscal year end to finance property acquisitions, relocation of residents, demolition, and infrastructure work.

The City's Brownfield Redevelopment projects continued their momentum in 2008 with the near completion of Stonehouse Village III, a 36-unit (one-, two- and three-bedroom) condominium built over a two-story, 122-space parking structure, funded in part by the Brownfield Redevelopment Authority. Over the last several years, the City's Parking System Fund issued \$3.7 million in bonds to finance the purchase of the parking structure from the developer as part of this project and improve Parking Lot 11. These bonds will be repaid by tax increment financing captured by the Brownfield Redevelopment Authority.

In September 2006 the City received notification of funding through a cooperative agreement with the U.S. Environmental Protection Agency (EPA). The reimbursement-based grant of \$300,000 allows the City to conduct detailed assessment of contaminated properties throughout the City. In FY08, the City used approximately \$17,000 of grant proceeds to complete the Phase I Environmental Site Assessment for the proposed East Village development project.

For more information on capital asset activity, please refer to Note 5 on pages 39 through 41.

City of East Lansing, Michigan

Management's Discussion and Analysis (Continued)

Current Economic Issues

As of the date of this letter, several issues are worth noting or updating in evaluating the financial condition of the City of East Lansing.

Revenue sharing remains the most significant budgetary concern at this time. The State of Michigan continues to struggle with the harsh economic realities of the decline in the auto and other manufacturing industries and unemployment rates that are the highest in the nation. As state government looks for solutions in solving its own budget problems, revenue sharing continues to be a source of money that the State can confiscate to balance its budget. Revenue sharing has declined from \$7 million in 2002 to \$5.5 million in 2008. We understand that current funding levels will remain intact for fiscal year 2009 (with a small increase in the statutory portion to be paid in August 2009), but we realize that if State revenue collections go down, payments to local governments will be reduced.

Under Public Act 289 of 1978, the State is to reimburse municipalities for providing fire protection services for state-owned facilities in their jurisdictions. In our case, we get fire reimbursement for Michigan State University and the State Police Headquarters. The State did reimburse the City our full share of the appropriation in FY08 but they have also made some changes to the way they determine taxable value for sports stadiums and utility plants which affect our jurisdiction. We continue to closely monitor the fire protection reimbursement process.

The Governmental Accounting Standards Board has issued two recent statements (Nos. 43 and 45) that require municipalities and other governments to disclose the full, actuarially determined value of its future health care and other postemployment benefits. While the full cost must be disclosed, only the annual required contribution (ARC) will be accrued on the government-wide financial statements. The City has received its first actuary report of the value of its future healthcare costs for retirees. Assuming the most favorable interest rate allowed (8 percent), our total liability is estimated to be \$44 million. A retiree healthcare funding vehicle has been established with Michigan Employee Retirement Systems (MERS) as of October 14, 2008. The City will now begin to make contributions to this funding vehicle to accommodate our current year retiree healthcare costs. A decision on contribution amounts for the amortized portion of the unfunded liability will be made in the upcoming year.

City of East Lansing, Michigan

Management's Discussion and Analysis (Continued)

Given the seriousness of the financial crisis hitting the banking and investment industries in the last several months, we have been inspecting and reassessing the levels of risk that certain instruments and institutions bear as it relates to the City's investment holdings. While local governments are limited by Michigan Public Act 20 to certain, generally safer types of depository accounts and instruments, there still remains an element of custodial credit, interest rate, and credit risk. On October 3, 2008, President Bush signed the Emergency Economic Stabilization Act of 2008, which temporarily raises the basic limit on federal deposit insurance coverage from \$100,000 to \$250,000 per depositor. The legislation provides that the basic deposit insurance limit will return to \$100,000 on December 31, 2009. The City Treasurer has been repositioning our investments to maximize the protections offered by FDIC insurance, stronger bank ratings and wider diversity. We will continue to closely monitor City holdings giving priority to the safety of our assets.

The City Council has approved the site plan for a large, mixed-use redevelopment known as City Center II. The project will be roughly bounded by Grand River Avenue to the south, Valley Court Park and People's Church to the west, Abbott Road to the east, and Valley Court Drive to the north. In addition to offering new living and parking options to community members, the project will feature a 10-story building at the corner of Grand River Avenue and Abbott Road with high-end restaurants, retail, office space, a boutique hotel, and a performing area theater featuring programming by the Wharton Center for Performing Arts. On September 16, 2008 the City Council approved an Intent to Issue General Obligation Tax Bonds, not to exceed \$30 million. The intent was posted in the Lansing State Journal on September 18, 2008 with a right of referendum for 45 days. Bond proceeds are to be used to construct a 500+ space parking deck and the public theater space in the 10-story building. Debt service will be paid by the tax increment financing revenue from the Downtown Development Authority and the Brownfield Redevelopment Authority as well as parking revenue from the new deck.

Contact Us

This report is intended to aid our residents and other interested parties in understanding the City's financial condition. Should you have further questions, please contact the finance department at City Hall.

Basic Financial Statements

City of East Lansing, Michigan

Statement of Net Assets June 30, 2008

	Primary Government			Component
	Governmental	Business-type		Units
	Activities	Activities	Total	
Assets				
Cash and investments (Note 3)	\$ 12,180,915	\$ 1,686,207	\$ 13,867,122	\$ 131,148
Receivables - Net (Note 4)	6,131,110	1,401,263	7,532,373	10,959
Due from other governmental units	865,197	213,047	1,078,244	-
Internal balances (Note 6)	(571,399)	571,399	-	-
Assets available for sale	1,246,700	-	1,246,700	-
Inventories and prepaids	311,798	166,058	477,856	-
Restricted cash (Note 3)	775,429	1,038,596	1,814,025	400,000
Net investment in East Lansing-Meridian				
Water and Sewer Authority	-	2,424,408	2,424,408	-
Bond refinancing issue costs	282,309	350,264	632,573	-
Capital assets - Net (Note 5):				
Assets not subject to depreciation	10,326,317	4,885,353	15,211,670	-
Assets subject to depreciation	60,490,004	69,424,722	129,914,726	609,237
Total assets	92,038,380	82,161,317	174,199,697	1,151,344
Liabilities				
Accounts payable	1,678,477	1,082,224	2,760,701	23,383
Accrued and other liabilities	1,973,563	501,897	2,475,460	-
Unearned revenue (Note 4)	65,642	-	65,642	-
Noncurrent liabilities (Note 7):				
Due within one year	4,042,935	3,151,780	7,194,715	-
Due in more than one year	31,974,111	41,874,138	73,848,249	700,000
Total liabilities	39,734,728	46,610,039	86,344,767	723,383
Net Assets				
Invested in capital assets - Net of related debt	39,739,466	30,554,260	70,293,726	(90,763)
Restricted:				
Streets and highways	61,814	-	61,814	-
Debt service	1,147,533	415,869	1,563,402	-
Capital projects	1,375,862	-	1,375,862	400,000
Solid waste	525,632	-	525,632	-
Drug forfeiture	30,886	-	30,886	-
Unrestricted	9,422,459	4,581,149	14,003,608	118,724
Total net assets	\$ 52,303,652	\$ 35,551,278	\$ 87,854,930	\$ 427,961

City of East Lansing, Michigan

		Program Revenues		
		Charges for	Operating	Capital Grants
	Expenses	Services	Grants and Contributions	and Contributions
Functions/Programs				
Primary government:				
Governmental activities:				
General government	\$ 8,541,081	\$ 5,575,161	\$ -	\$ 9,600
Public safety	18,098,920	2,839,622	3,057,372	397,282
Public works	7,936,008	555,361	2,948,285	2,913,098
Health and welfare	105,508	-	-	-
Community and economic development	1,919,829	-	790,301	322,628
Culture and recreation	7,693,032	2,889,298	484,232	145,943
Interest on long-term debt	1,071,964	-	-	-
Total governmental activities	45,366,342	11,859,442	7,280,190	3,788,551
Business-type activities:				
Water	3,093,578	2,750,452	-	475,704
Sewer	7,813,623	7,754,950	-	676,027
Parking	3,558,459	3,565,182	497,150	-
Total business-type activities	14,465,660	14,070,584	497,150	1,151,731
Total primary government	<u>\$ 59,832,002</u>	<u>\$ 25,930,026</u>	<u>\$ 7,777,340</u>	<u>\$ 4,940,282</u>
Component units:				
Downtown Development Authority	\$ 1,199,200	\$ 629	\$ -	\$ 400,000
Downtown Management Board	40,500	-	-	-
Brownfield Redevelopment Authority	152,238	7,500	-	-
Economic Development Corporation	237	-	-	-
Local Development Financing Authority	25,000	25,000	-	-
Total component units	<u>\$ 1,417,175</u>	<u>\$ 33,129</u>	<u>\$ -</u>	<u>\$ 400,000</u>
General revenues:				
Property taxes				
Unrestricted state-shared revenues				
Unrestricted investment earnings				
Unrestricted franchise fees				
Miscellaneous				
Total general revenues				
Change in Net Assets				
Net Assets - Beginning of year				
Net Assets - End of year				

Statement of Activities
Year Ended June 30, 2008

Net (Expense) Revenue and Changes in Net Assets			
Primary Government			Component Units
Governmental Activities	Business-type Activities	Total	
\$ (2,956,320)	\$ -	\$ (2,956,320)	\$ -
(11,804,644)	-	(11,804,644)	-
(1,519,264)	-	(1,519,264)	-
(105,508)	-	(105,508)	-
(806,900)	-	(806,900)	-
(4,173,559)	-	(4,173,559)	-
(1,071,964)	-	(1,071,964)	-
(22,438,159)	-	(22,438,159)	-
-	132,578	132,578	-
-	617,354	617,354	-
-	503,873	503,873	-
-	1,253,805	1,253,805	-
(22,438,159)	1,253,805	(21,184,354)	-
-	-	-	(798,571)
-	-	-	(40,500)
-	-	-	(144,738)
-	-	-	(237)
-	-	-	-
-	-	-	(984,046)
18,032,780	-	18,032,780	1,355,574
5,524,157	-	5,524,157	-
552,142	143,607	695,749	20,505
424,737	-	424,737	-
37,758	-	37,758	2,161
24,571,574	143,607	24,715,181	1,378,240
2,133,415	1,397,412	3,530,827	394,194
50,170,237	34,153,866	84,324,103	33,767
\$ 52,303,652	\$ 35,551,278	\$ 87,854,930	\$ 427,961

City of East Lansing, Michigan

Governmental Funds Balance Sheet June 30, 2008

	General Fund	Debt Service Fund	Nonmajor Governmental Funds	Total Governmental Funds
Assets				
Cash and investments (Note 3)	\$ 3,936,717	\$ 1,167,148	\$ 1,950,299	\$ 7,054,164
Receivables - Net (Note 4)	1,176,570	4,601,262	97,148	5,874,980
Due from other governmental units	383,616	-	481,581	865,197
Assets available for sale	-	-	1,246,700	1,246,700
Inventories and prepaids	7,885	-	29,371	37,256
Restricted cash (Note 3)	-	-	775,429	775,429
Total assets	<u>\$ 5,504,788</u>	<u>\$ 5,768,410</u>	<u>\$ 4,580,528</u>	<u>\$ 15,853,726</u>
Liabilities and Fund Balances				
Liabilities				
Accounts payable	\$ 401,361	\$ 21,550	\$ 1,021,473	\$ 1,444,384
Accrued and other liabilities	766,817	-	159,536	926,353
Due to other funds (Note 6)	-	-	571,399	571,399
Deferred revenue (Note 4)	365,642	4,599,327	-	4,964,969
Total liabilities	1,533,820	4,620,877	1,752,408	7,907,105
Fund Balances				
Reserved for:				
Encumbrances	155,074	-	719,367	874,441
Assets available for sale	-	-	1,246,700	1,246,700
Inventories and prepaids	7,885	-	29,371	37,256
Solid waste operations	-	-	166,061	166,061
Debt service for special assessment bonds	-	1,094,826	-	1,094,826
Unreserved, reported in:				
General Fund:				
Designated (Note 12)	671,074	-	-	671,074
Undesignated	3,136,935	-	-	3,136,935
Special Revenue Funds:				
Designated (Note 12)	-	-	255,064	255,064
Undesignated (deficit)	-	-	(448,671)	(448,671)
Capital Project Funds:				
Designated (Note 12)	-	-	46,925	46,925
Undesignated	-	-	813,303	813,303
Debt Service Funds:				
Undesignated	-	52,707	-	52,707
Total fund balances	<u>3,970,968</u>	<u>1,147,533</u>	<u>2,828,120</u>	<u>7,946,621</u>
Total liabilities and fund balances	<u>\$ 5,504,788</u>	<u>\$ 5,768,410</u>	<u>\$ 4,580,528</u>	<u>\$ 15,853,726</u>

City of East Lansing, Michigan

Governmental Funds Reconciliation of Fund Balances to the Statement of Net Assets June 30, 2008

Total Fund Balances of Governmental Funds	\$ 7,946,621
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Amounts reported for governmental activities in the statement of activities are different because:

Capital assets used in governmental activities are not financial resources and are not reported in the funds	70,816,321
Special assessment and other revenues are recorded in the statement of activities when the revenue is earned; they are not reported in the funds until collected or collectible within 60 days of year end	4,899,327
Long-term liabilities are not due and payable in the current period and are not reported in the funds	(36,017,046)
Bond issuance costs are reported as deferred and are amortized over the term of the related debt	282,309
Internal Service Funds are also included as governmental activities, net of amounts included above as capital assets and long-term liabilities	4,599,988
Accrued interest payable is not due and payable in the current period and is not reported in the funds	<u>(223,868)</u>

Net Assets of Governmental Activities	<u>\$ 52,303,652</u>
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City of East Lansing, Michigan

Governmental Funds Statement of Revenue, Expenditures, and Changes in Fund Balances Year Ended June 30, 2008

	General Fund	Debt Service Fund	Nonmajor Governmental Funds	Total Governmental Funds
Revenue				
Property taxes and assessments	\$ 15,247,099	\$ 2,544,147	\$ 1,259,214	\$ 19,050,460
Licenses and permits	1,303,946	-	-	1,303,946
Federal sources	276,591	-	849,393	1,125,984
State sources	7,203,257	-	3,934,592	11,137,849
Intergovernmental revenue	49,443	305,498	583,639	938,580
Charges for services	4,581,796	-	2,577,117	7,158,913
Fines and forfeitures	3,285,328	-	81,602	3,366,930
Interest and rentals	414,501	41,221	372,971	828,693
Other	1,225,145	-	523,245	1,748,390
Total revenue	33,587,106	2,890,866	10,181,773	46,659,745
Expenditures				
Current:				
General government	8,273,602	-	-	8,273,602
Public safety	17,865,147	-	14,606	17,879,753
Public works	1,622,251	-	7,272,516	8,894,767
Health, welfare, and community development	105,508	-	918,617	1,024,125
Culture and recreation	1,633,254	-	5,511,220	7,144,474
Capital outlay	788,050	-	3,616,436	4,404,486
Debt service	-	3,211,596	238,696	3,450,292
Contributions to DDA	-	400,000	-	400,000
Total expenditures	30,287,812	3,611,596	17,572,091	51,471,499
Excess of Revenue Over (Under) Expenditures	3,299,294	(720,730)	(7,390,318)	(4,811,754)
Other Financing Sources (Uses)				
Issuance of long-term debt	-	430,000	1,095,000	1,525,000
Premiums on issuance of debt	-	-	2,150	2,150
Transfers in (Note 6)	-	1,395,091	3,712,632	5,107,723
Transfers out (Note 6)	(4,247,953)	-	(859,770)	(5,107,723)
Total other financing sources (uses)	(4,247,953)	1,825,091	3,950,012	1,527,150
Change in Fund Balances	(948,659)	1,104,361	(3,440,306)	(3,284,604)
Fund Balances - Beginning of year	4,919,627	43,172	6,268,426	11,231,225
Fund Balances - End of year	<u>\$ 3,970,968</u>	<u>\$ 1,147,533</u>	<u>\$ 2,828,120</u>	<u>\$ 7,946,621</u>

City of East Lansing, Michigan

Governmental Funds **Reconciliation of the Statement of Revenue, Expenditures,** **and Changes in Fund Balances of Governmental Funds** **to the Statement of Activities** **Year Ended June 30, 2008**

Net Change in Fund Balances - Total governmental funds \$ (3,284,604)

Amounts reported for governmental activities in the statement of activities are different because:

Governmental funds report capital outlays as expenditures; in the statement of activities, these costs are allocated over their estimated useful lives as depreciation:

Capital outlay incurred in the current year	6,026,265
Depreciation	(3,092,560)

Special assessment and other revenues are recorded in the statement of activities when the revenue is earned; they are not reported in the funds until collected or collectible within 60 days of year end

877,307

Governmental funds report debt proceeds as revenues and debt principal payments as expenditures; these revenues and costs are reported as liabilities and are not reported as expenditures in the statement of activities:

Bond proceeds from issuance of debt	(1,525,000)
Bond principal payments	2,345,495
Drainage flow rights liability	34,908
Burcham Park remediation liability	102,128

Governmental funds report bond issuance costs, bond premiums, and deferred charges on refunding as expenditures; these costs are allocated over the related bond term as interest expense:

Bond issuance costs	71,660
Bond discounts	(2,150)

Decreases in accumulated employee sick and vacation pay in governmental funds are recorded when earned in the statement of activities

41,308

Interest expense is recorded in the statement of activities when incurred; it is not reported in the funds until paid

(30,632)

Internal Service Funds are also included as governmental activities

569,290

Change in Net Assets of Governmental Activities

\$ 2,133,415

City of East Lansing, Michigan

Proprietary Funds Statement of Net Assets June 30, 2008

	Automobile Parking System Fund	Water Supply System Fund	Sewage Disposal System Fund	Total Enterprise Funds	Internal Service Funds
Assets					
Current assets:					
Cash and investments (Note 3)	\$ 1,061,523	\$ -	\$ 624,684	\$ 1,686,207	\$ 5,126,751
Receivables - Net (Note 4)	181,625	461,548	758,090	1,401,263	256,130
Due from other funds (Note 6)	-	-	571,399	571,399	-
Due from other governmental units	-	-	213,047	213,047	-
Inventories and prepaids	-	149,081	16,977	166,058	274,542
Total current assets	1,243,148	610,629	2,184,197	4,037,974	5,657,423
Noncurrent assets:					
Restricted cash (Note 3)	760,094	91,781	186,721	1,038,596	-
Investment in East Lansing - Meridian Water and Sewer Authority	-	2,424,408	-	2,424,408	-
Capital assets (Note 5)	27,547,248	8,210,199	38,552,628	74,310,075	13,089,981
Bond refinancing issue costs	350,264	-	-	350,264	-
Total noncurrent assets	28,657,606	10,726,388	38,739,349	78,123,343	13,089,981
Total assets	29,900,754	11,337,017	40,923,546	82,161,317	18,747,404
Liabilities					
Current liabilities:					
Accounts payable	575,215	185,629	321,380	1,082,224	234,093
Accrued and other liabilities	32,798	27,328	53,962	114,088	539,007
Claims payable (Note 8)	-	-	-	-	284,335
Accrued interest payable	246,184	2,916	138,709	387,809	-
Current portion of long-term debt (Note 7):					
Compensated absences	17,334	-	104,187	121,521	233,158
Bonds payable	1,330,259	-	1,700,000	3,030,259	310,000
Total current liabilities	2,201,790	215,873	2,318,238	4,735,901	1,600,593
Noncurrent liabilities - Net of current portion (Note 7):					
Compensated absences	48,541	-	61,445	109,986	304,053
Bonds payable	21,665,295	205,980	19,892,877	41,764,152	7,981,630
Total noncurrent liabilities	21,713,836	205,980	19,954,322	41,874,138	8,285,683
Total liabilities	23,915,626	421,853	22,272,560	46,610,039	9,886,276
Net Assets					
Invested in capital assets - Net of related debt	5,311,788	8,096,000	17,146,472	30,554,260	4,798,351
Restricted - Debt service	415,869	-	-	415,869	-
Unrestricted	257,471	2,819,164	1,504,514	4,581,149	4,062,777
Total net assets	<u>\$ 5,985,128</u>	<u>\$ 10,915,164</u>	<u>\$ 18,650,986</u>	<u>\$ 35,551,278</u>	<u>\$ 8,861,128</u>

City of East Lansing, Michigan

Proprietary Funds Statement of Revenue, Expenses, and Changes in Net Assets Year Ended June 30, 2008

	Automobile Parking System Fund	Water Supply System Fund	Sewage Disposal System Fund	Total Enterprise Funds	Internal Service Funds
Operating Revenue					
Parking revenue	\$ 3,439,214	\$ -	\$ -	\$ 3,439,214	\$ -
User service charges	-	2,750,452	7,754,950	10,505,402	6,797,409
Equipment and building rental	59,898	-	-	59,898	2,829,698
Other charges for services	<u>66,070</u>	<u>-</u>	<u>-</u>	<u>66,070</u>	<u>83,992</u>
Total operating revenue	3,565,182	2,750,452	7,754,950	14,070,584	9,711,099
Operating Expenses					
Purchase of water from East Lansing - Meridian Water and Sewer Authority	-	1,107,612	-	1,107,612	-
Disposal plant	-	-	3,774,882	3,774,882	-
Distribution	-	896,505	-	896,505	-
Collection system	-	-	1,067,031	1,067,031	-
Pumping station	-	-	72,944	72,944	-
Customer accounts and collection	-	518,719	-	518,719	-
General and administrative	1,766,615	117,255	460,739	2,344,609	7,976,751
Depreciation	<u>761,329</u>	<u>230,246</u>	<u>1,856,980</u>	<u>2,848,555</u>	<u>1,003,712</u>
Total operating expenses	<u>2,527,944</u>	<u>2,870,337</u>	<u>7,232,576</u>	<u>12,630,857</u>	<u>8,980,463</u>
Operating Income (Loss)	1,037,238	(119,885)	522,374	1,439,727	730,636
Nonoperating Revenue (Expenses)					
Interest income	105,258	1,235	37,114	143,607	192,152
Interest expense	(1,030,515)	(10,432)	(581,047)	(1,621,994)	(353,498)
Contributions from DDA	497,150	-	-	497,150	-
Loss from joint venture	<u>-</u>	<u>(212,809)</u>	<u>-</u>	<u>(212,809)</u>	<u>-</u>
Total nonoperating expenses	<u>(428,107)</u>	<u>(222,006)</u>	<u>(543,933)</u>	<u>(1,194,046)</u>	<u>(161,346)</u>
Net Income (Loss)	609,131	(341,891)	(21,559)	245,681	569,290
Capital Contributions	<u>-</u>	<u>475,704</u>	<u>676,027</u>	<u>1,151,731</u>	<u>-</u>
Change in Net Assets	609,131	133,813	654,468	1,397,412	569,290
Net Assets - Beginning of year	<u>5,375,997</u>	<u>10,781,351</u>	<u>17,996,518</u>	<u>34,153,866</u>	<u>8,291,838</u>
Net Assets - End of year	<u>\$ 5,985,128</u>	<u>\$ 10,915,164</u>	<u>\$ 18,650,986</u>	<u>\$ 35,551,278</u>	<u>\$ 8,861,128</u>

City of East Lansing, Michigan

Proprietary Funds Statement of Cash Flows Year Ended June 30, 2008

	Automobile Parking System Fund	Water Supply System Fund	Sewage Disposal System Fund	Total Enterprise Funds	Internal Service Funds
Cash Flows from Operating Activities					
Receipts from customers	\$ 3,444,893	\$ 2,739,641	\$ 7,717,691	\$ 13,902,225	\$ 9,809,699
Payments to suppliers	(115,006)	(1,519,658)	(2,958,847)	(4,593,511)	(1,320,851)
Claims paid	-	-	-	-	(5,360,405)
Payments to employees	(1,105,849)	(1,000,015)	(2,418,552)	(4,524,416)	(1,087,880)
Payments to other funds	(44,000)	-	(571,399)	(615,399)	-
Net cash provided by operating activities	2,180,038	219,968	1,768,893	4,168,899	2,040,563
Cash Flows from Capital and Related Financing Activities					
Principal and interest paid on long-term debt	(4,352,003)	(10,432)	(2,273,446)	(6,635,881)	(653,212)
Proceeds from issuance of long-term debt	2,125,000	-	-	2,125,000	-
Payment of bond issuance costs	(64,885)	-	-	(64,885)	-
Contribution from DDA	497,150	-	-	497,150	-
Purchase of capital assets	(2,548,051)	(331,883)	(165,414)	(3,045,348)	(873,181)
Net cash used in capital and related financing activities	(4,342,789)	(342,315)	(2,438,860)	(7,123,964)	(1,526,393)
Cash Flows from Investing Activities -					
Interest received on investments	105,258	1,235	37,114	143,607	180,158
Net Increase (Decrease) in Cash and Cash Equivalents	(2,057,493)	(121,112)	(632,853)	(2,811,458)	694,328
Cash and Cash Equivalents - Beginning of year	3,879,110	212,893	1,444,258	5,536,261	4,432,423
Cash and Cash Equivalents - End of year	<u>\$ 1,821,617</u>	<u>\$ 91,781</u>	<u>\$ 811,405</u>	<u>\$ 2,724,803</u>	<u>\$ 5,126,751</u>
Cash and Cash Equivalents as Shown on the Statement of Net Assets					
Cash and investments	\$ 1,061,523	\$ -	\$ 624,684	\$ 1,686,207	\$ 5,126,751
Restricted cash	760,094	91,781	186,721	1,038,596	-
Total cash and cash equivalents	<u>\$ 1,821,617</u>	<u>\$ 91,781</u>	<u>\$ 811,405</u>	<u>\$ 2,724,803</u>	<u>\$ 5,126,751</u>
Reconciliation of Operating Income (Loss) to Net Cash from Operating Activities					
Operating income (loss)	\$ 1,037,238	\$ (119,885)	\$ 522,374	\$ 1,439,727	\$ 730,636
Adjustments to reconcile operating income (loss) to net cash from operating activities:					
Depreciation	761,329	230,246	1,856,980	2,848,555	1,003,712
Changes in assets and liabilities:					
Receivables	(120,289)	(10,361)	(37,259)	(167,909)	98,600
Due from other funds	-	-	(571,399)	(571,399)	-
Due from other governmental units	-	-	15,463	15,463	-
Other assets	-	29,939	(4,335)	25,604	40,041
Accounts payable	539,488	90,479	(36,837)	593,130	52,322
Accrued wages	3,463	-	9,249	12,712	35,506
Other liabilities	2,809	(450)	14,657	17,016	79,746
Due to other funds	(44,000)	-	-	(44,000)	-
Net cash provided by operating activities	<u>\$ 2,180,038</u>	<u>\$ 219,968</u>	<u>\$ 1,768,893</u>	<u>\$ 4,168,899</u>	<u>\$ 2,040,563</u>

Noncash Investing, Capital, and Financing Activities - During the year ended June 30, 2008, developers and special assessments contributed water lines and sewage improvements with a value of \$1,151,731 to the City.

City of East Lansing, Michigan

Fiduciary Fund Statement of Assets and Liabilities June 30, 2008

	<u>Agency Fund</u>
Assets	
Cash	\$ 1,026,072
Receivables - Net	<u>214,487</u>
 Total assets	 <u>\$ 1,240,559</u>
 Liabilities	
Accounts payable	\$ 94,844
Due to other governmental units	339,797
Accrued and other liabilities	<u>805,918</u>
 Total liabilities	 <u>\$ 1,240,559</u>

City of East Lansing, Michigan

Component Units Statement of Net Assets June 30, 2008

	Downtown Development Authority	Downtown Management Board	Brownfield Redevelopment Authority	Economic Development Corporation	Local Development Financing Authority	Total
Assets						
Cash and investments	\$ 88,285	\$ 25,535	\$ -	\$ 17,328	\$ -	\$ 131,148
Receivables - Net	3,459	-	7,500	-	-	10,959
Restricted cash	400,000	-	-	-	-	400,000
Capital assets - Net (Note 5)	609,237	-	-	-	-	609,237
Total assets	1,100,981	25,535	7,500	17,328	-	1,151,344
Liabilities						
Accounts payable	19,406	1,545	2,432	-	-	23,383
Bonds payable (Note 7)	700,000	-	-	-	-	700,000
Total liabilities	719,406	1,545	2,432	-	-	723,383
Net Assets						
Invested in capital assets - Net of related debt	(90,763)	-	-	-	-	(90,763)
Restricted - Capital projects	400,000	-	-	-	-	400,000
Unrestricted	72,338	23,990	5,068	17,328	-	118,724
Total net assets	<u>\$ 381,575</u>	<u>\$ 23,990</u>	<u>\$ 5,068</u>	<u>\$ 17,328</u>	<u>\$ -</u>	<u>\$ 427,961</u>

City of East Lansing, Michigan

		Program Revenues	
	Expenses	Charges for Services	Capital Grants/Contributions
Downtown Development Authority	\$ 1,199,200	\$ 629	\$ 400,000
Downtown Management Board	40,500	-	-
Brownfield Redevelopment Authority	152,238	7,500	-
Economic Development Corporation	237	-	-
Local Development Financing Authority	25,000	25,000	-
Total component unit activities	<u>\$ 1,417,175</u>	<u>\$ 33,129</u>	<u>\$ 400,000</u>

General revenues:

Property taxes

Interest

Miscellaneous

Total general revenues

Change in Net Assets

Net Assets (Deficit) - Beginning of year

Net Assets - End of year

Component Units
Statement of Activities
Year Ended June 30, 2008

Net (Expense) Revenue and Changes in Net Assets					
Downtown Development Authority	Downtown Management Board	Brownfield Redevelopment Authority	Economic Development Corporation	Local Development Financing Authority	Total
\$ (798,571)	\$ -	\$ -	\$ -	\$ -	\$ (798,571)
-	(40,500)	-	-	-	(40,500)
-	-	(144,738)	-	-	(144,738)
-	-	-	(237)	-	(237)
-	-	-	-	-	-
(798,571)	(40,500)	(144,738)	(237)	-	(984,046)
1,220,261	-	135,313	-	-	1,355,574
18,640	1,225	29	611	-	20,505
-	2,161	-	-	-	2,161
1,238,901	3,386	135,342	611	-	1,378,240
440,330	(37,114)	(9,396)	374	-	394,194
(58,755)	61,104	14,464	16,954	-	33,767
<u>\$ 381,575</u>	<u>\$ 23,990</u>	<u>\$ 5,068</u>	<u>\$ 17,328</u>	<u>\$ -</u>	<u>\$ 427,961</u>

Note I - Summary of Significant Accounting Policies

The accounting policies of the City of East Lansing, Michigan (the "City") conform to accounting principles generally accepted in the United States of America (GAAP) as applicable to governmental units. The following is a summary of the significant accounting policies used by the City of East Lansing, Michigan:

Reporting Entity

The City of East Lansing, Michigan is governed by an elected five-member council. The accompanying financial statements present the City and its component units, entities for which the City is considered to be financially accountable. Each discretely presented component unit is reported in a separate column in the government-wide financial statements to emphasize that it is legally separate from the government (see discussion below for description).

Discretely Presented Component Units - The following component units are reported within the component unit column in the combined financial statements. Separate financial statements are not issued for these component units. They are reported in a separate column in the government-wide financial statements to emphasize that they are legally separate from the City.

- a. The Downtown Development Authority was created to correct and prevent deterioration in the downtown district, encourage historical preservation, and to promote economic growth within the downtown district. This authority's governing body, which consists of 13 individuals, is appointed by the City Council. In addition, the authority's budget is subject to approval by the City Council. The authority's administrative office is located at 410 Abbott Road, East Lansing, MI 48823.
- b. The Downtown Management Board was formed by the City Council in accordance with Michigan Public Act 146 to market and promote the downtown, to maintain common areas of the downtown, and to recruit and retain business in the downtown. This board's governing body, which consists of nine individuals, is appointed by the City Council. In addition, the board's budget is subject to approval by the City Council. The board's administrative office is located at 410 Abbott Road, East Lansing, MI 48823.

Note I - Summary of Significant Accounting Policies (Continued)

- c. The Brownfield Redevelopment Authority was formed by the City Council in fiscal year 2003-2004 in accordance with P.A. 381. The purpose of the authority is to authorize and permit the use of certain tax incremental financing for developmental projects, preferably on contaminated or blighted areas. The governing body is comprised of the same 13 individuals who were appointed by the City Council to the Downtown Development Authority. In addition, the authority's budget is subject to approval by the City Council. The authority's administrative office is located at 410 Abbott Road, East Lansing, MI 48823.
- d. The Economic Development Corporation (the "Corporation") was created to provide means and methods for the encouragement and assistance of industrial and commercial enterprises in relocating, purchasing, constructing, improving, or expanding within the City so as to provide needed services and facilities of such enterprises to the residents of the City. The Corporation's governing body, which consists of seven individuals, is selected by the City Council. In addition, the Corporation's budget is subject to approval by the City Council. The Corporation's administrative office is located at 410 Abbott Road, East Lansing, MI 48823.
- e. The Local Development Financing Authority was created to foster development of the Lansing Regional Smart Zone as authorized under P.A. 281 of 1986. The board is a seven member entity consisting of three members from the City of East Lansing, three members from the City of Lansing, and one member from Ingham County. The East Lansing portion of the authority's budget is subject to approval by the City Council. The authority's administrative office is located at 410 Abbott Road, East Lansing, MI 48823.

Government-wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all of the nonfiduciary activities of the primary government and its component units. For the most part, the effect of interfund activity has been removed from these financial statements. Governmental activities, normally supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable.

Note 1 - Summary of Significant Accounting Policies (Continued)

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include: (1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment; and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Amounts reported as general revenues represent:

- a. Revenues received from the City's own taxpayers (property taxes)
- b. Revenues received from parties outside the government whose use is unrestricted (state-shared revenue, franchise fees, and other miscellaneous revenues)
- c. Revenues generated by the City itself (unrestricted investment earnings)

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual Enterprise Funds are reported as separate columns in the fund financial statements.

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and fiduciary fund financial statements. Agency Funds have no measurement focus. Revenue is recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenue in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenue is recognized as soon as it is both measurable and available. Revenue is considered to be available if it is collected within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the City considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, expenditures relating to compensated absences, and claims and judgments are recorded only when payment is due.

Note 1 - Summary of Significant Accounting Policies (Continued)

Property taxes, state-shared revenue, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Only the portion of special assessments receivable due within the current fiscal period is considered to be susceptible to accrual as revenue of the current period. All other revenue items are considered to be available only when cash is received by the City.

The government reports the following major governmental funds:

General Fund - The General Fund is the City's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

Debt Service Fund - The Debt Service Fund is used to account for the annual payment of principal, interest, and expenses in connection with certain long-term debt other than debt payable from the operation of an Enterprise Fund.

The government reports the following major proprietary funds:

Automobile Parking System Fund - The Automobile Parking System Fund is used to account for revenue and expenses relating to street meters, metered parking lots, two attended parking lots, and four attended parking ramps. The Building Authority was used to construct the parking structure and its activities have been blended into the Automobile Parking System Fund.

Water Supply System Fund - The Water Supply System Fund is used to account for the purchase and distribution of water to East Lansing citizens. Treated water is purchased from the East Lansing - Meridian Water and Sewer Authority. User charges to customers based upon water consumption account for substantially all of the revenue of this fund.

Sewage Disposal System Fund - The Sewage Disposal System Fund is used to account for the sewage collection system within the City and the wastewater treatment plant. Revenue consists of resident user fees and wastewater treatment payments by Michigan State University and Meridian Township.

Note I - Summary of Significant Accounting Policies (Continued)

Additionally, the City reports the following fund types:

Internal Service Funds - Internal Service Funds account for financing of goods or services provided by one department or agency to other departments or agencies of the City on a cost-reimbursement basis. The following activities are reported in internal service funds: self-insured workers' compensation, operation and maintenance of the motor vehicle fleet, and computers and equipment used by the various City departments.

Fiduciary Fund (Agency Fund) - The Fiduciary Fund (Agency Fund) is used to account for the collection of property taxes due to other jurisdictions, developer deposits, and escrow accounts that will subsequently be transferred to third parties.

Private sector standards of accounting issued prior to December 1, 1989 are generally followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with the standards of the Governmental Accounting Standards Board. The City has elected not to follow private sector standards issued after November 30, 1989 for its business-type activities.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are charges between the City's water and sewer function and various other functions of the City. Eliminations of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Proprietary funds distinguish operating revenue and expenses from nonoperating items. Operating revenue and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenue of our proprietary funds relates to charges to customers for sales and services. The Water and Sewage Funds also recognize the portion of tap fees intended to recover current costs (e.g., labor and materials to hook up new customers) as operating revenue. The portion intended to recover the cost of the infrastructure is recognized as nonoperating revenue. Operating expenses for proprietary funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenue and expenses not meeting this definition are reported as nonoperating revenue and expenses.

City of East Lansing, Michigan

Notes to Financial Statements June 30, 2008

Note I - Summary of Significant Accounting Policies (Continued)

Assets, Liabilities, and Net Assets or Equity

Bank Deposits and Investments - Cash and cash equivalents include cash on hand, demand deposits, and short-term investments with a maturity of three months or less when acquired. Investments are stated at fair value. Pooled investment income is generally allocated to each fund using a weighted average of balance for the principal.

Receivables and Payables - In general, outstanding balances between funds are reported as "due to/from other funds." Activity between funds that is representative of lending/borrowing arrangements outstanding at the end of the fiscal year is referred to as "advances to/from other funds." Any residual balances outstanding between the governmental activities and the business-type activities are reported in the government-wide financial statements as "internal balances."

Property Taxes - Property taxes are levied on each July 1 on the taxable valuation of property as of the preceding December 31. Taxes are considered delinquent on March 1 of the following year, at which time penalties and interest are assessed.

The City's 2007 tax is levied and collectible on July 1, 2007 and is recognized as revenue in the year ended June 30, 2008, when the proceeds of the levy are budgeted and available for the financing of operations. The 2007 taxable valuation of the City totaled \$930 million. The tax levy and related revenue (net of delinquent amounts, etc.) were as follows:

Purpose	Millage Rate	Revenue
General operating	16.2078	\$ 14,360,000
Other - Administrative fees and other		887,000
Total reported in the General Fund		15,247,000
Debt	1.6615	1,526,000
Other - Special assessments		1,018,000
		2,544,000
Solid Waste Fund	1.4107	1,259,000
Total		\$ 19,050,000

Note I - Summary of Significant Accounting Policies (Continued)

Inventories and Prepaid Items - Inventories are valued at cost, on a first-in, first-out basis. Inventories of governmental funds are recorded as expenditures when consumed rather than when purchased. Certain payments to vendors reflect costs applicable to future fiscal years and are recorded as prepaid items in both government-wide and fund financial statements.

Capital Assets - Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities column in the government-wide financial statements. Capital assets are defined by the City as assets with an initial individual cost of more than \$5,000 or an aggregate cost of more than \$20,000 and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation. Capital assets acquired prior to the adoption of GASB 34 have been retroactively reported.

Capital assets are depreciated using the straight-line method over the following useful lives:

Buildings and building improvements	50 years
Land improvements	20 to 30 years
Equipment	7 years
Infrastructure - Traffic signals, street lights, pathways, sidewalks, bridges	15 to 50 years
Streets	25 years
Water and sewer mains	50 years
Drainage flow rights	20 years
Library books and electronic resources	5 years
Vehicles	3 to 7 years

Compensated Absences (Vacation and Sick Leave) - It is the City's policy to permit employees to accumulate earned but unused sick and vacation pay benefits. All vacation pay is accrued when incurred in the government-wide and proprietary fund financial statements. Sick pay is accrued for employees eligible to retire who will be paid out when they separate from service with the City as well as an estimate for those employees who will become eligible to retire based on past results. Sick pay is accrued in the government-wide and proprietary fund financial statements. Liquidation of the liability for compensated absences is allocated to the department for when the individual is associated. A liability for these amounts is reported in governmental funds only for employee terminations as of year end.

Note 1 - Summary of Significant Accounting Policies (Continued)

Long-term Obligations - In the government-wide financial statements and the proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund-type statement of net assets. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the straight-line method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt. In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts are reported as other financing uses. Issuance costs are reported as debt service expenditures.

Fund Equity - In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

Use of Estimates - The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the period. Actual results could differ from those estimates.

Note 2 - Stewardship, Compliance, and Accountability

Budgetary Information - Encumbrance accounting is employed in governmental funds. Encumbrances (e.g., purchase orders, contracts) outstanding at year end are reported as reservations of fund balances and do not constitute expenditures or liabilities because the goods or services have not been received as of year end; the commitments will be re-appropriated and honored during the subsequent year. A comparison of the budget with statements of actual revenues and expenditures, including budget variances, for the General Fund and Debt Service Fund are included in the required supplemental information. Budget comparisons for the budgeted nonmajor funds are included in other supplemental information. The Community Development Block Grant Fund has been budgeted over the life of the projects and, therefore, its financial activity has been omitted from the budget statement.

City of East Lansing, Michigan

Notes to Financial Statements June 30, 2008

Note 2 - Stewardship, Compliance, and Accountability (Continued)

Unreserved Fund Balance Deficit - The Major Streets Fund had an unreserved fund deficit of \$651,566 due to the early completion of the Abbott Road construction project and the delay in reimbursement for contractor payments made by the City for the State's portion of the project.

The Abbott Road project was originally planned for the start of construction in summer 2008 and completion in summer 2009. During the project planning stage, the City received approval for additional funding through the State of Michigan's "Local Jobs Today" program. This provided additional funds of \$349,275 to offset the City's share of the project costs. In order to qualify for these funds, the project had to be bid by the end of September 2007 which was about 6 months ahead of the original bid date. The design schedule was accelerated and the additional funds were secured. Prior to bidding the project, the City anticipated that construction would start in spring 2008 with the project being completed in November 2008. Instead, the project commenced construction in December 2007 and the project was significantly complete by the end of June 2008. This acceleration of the bidding process and the construction schedule caused the entire project to be completed in one fiscal year when it was anticipated that it would span two fiscal years. A longer construction schedule would have allowed the City to collect additional Act 51 revenue and access to the FY 2009 federal funds that are distributed by the State of Michigan to offset the project costs. Because of the timing of construction, the City was not able to access the FY 2009 federal funds and was required to cover any construction costs above the FY 2008 funding amounts. The City will be reimbursed for these additional expenses by the State early in their new fiscal year.

Excess of Expenditures Over Appropriations in Budgeted Funds - During the year, the City incurred expenditures that were in excess of the amounts budgeted as follows:

	Budget	Actual
General Fund - Public works sanitation	\$ 180,530	\$ 207,587
Major Streets - Highways and streets	3,039,105	4,305,993
Debt Service Fund - Contribution to DDA	-	400,000

Note 3 - Deposits and Investments

Michigan Compiled Laws, Section 129.91, authorizes local governmental units to make deposits and invest in the accounts of federally insured banks, credit unions, and savings and loan associations that have offices in Michigan. The local unit is allowed to invest in instruments that are acceptable under Michigan Public Act 20 of 1943 as amended. In addition, the City imposes other restrictions on allowable investments. To the extent that cash from various funds has been pooled in an investment, related investment income is allocated to each fund based on relative participation in the pool, except that the Agency Fund investment earnings are allocated to the General Fund.

The City has designated 20 banks for the deposit of its funds. The investment policy adopted by the board in accordance with Public Act 196 of 1997 has authorized investment in bonds and securities of the United States government and bank accounts and CDs, but not the remainder of state statutory authority as listed above. The City's deposits and investment policies are in accordance with statutory authority.

The City's cash and investments are subject to several types of risk, which are examined in more detail below:

Custodial Credit Risk of Bank Deposits

Custodial credit risk is the risk that in the event of a bank failure, the City's deposits may not be returned to it. The City does not have a deposit policy for custodial credit risk. At year end, the City had \$15,622,926 of bank deposits (certificates of deposit, checking and savings accounts) that were uninsured and uncollateralized. The City believes that due to the dollar amounts of cash deposits and the limits of FDIC insurance, it is impractical to insure all deposits. As a result, the City evaluates each financial institution with which it deposits funds and assesses the level of risk of each institution; only those institutions with an acceptable estimated risk level are used as depositories. Subsequent to year end, the City has implemented a new investment strategy to maximize insurance coverage and strengthen the security of its bank deposits.

Interest Rate Risk

Interest rate risk is the risk that the value of investments will decrease as a result of a rise in interest rates. The City's investment policy does not restrict investment maturities, other than commercial paper, which can only be purchased with a 270-day maturity. At year end, the average maturities of the commercial paper was less than one month.

City of East Lansing, Michigan

Notes to Financial Statements June 30, 2008

Note 3 - Deposits and Investments (Continued)

Credit Risk

State law limits investments in commercial paper to the top two ratings issued by nationally recognized statistical rating organizations. The City has no investment policy that would further limit its investment choices. As of year end, the credit quality ratings of debt securities are as follows:

Investment	Fair Value	Rating	Rating Organization
Commercial paper - AEC	\$ 570,001	AI +	S&P

Restricted Assets

Restricted cash balances are as follows:

	Unspent Bond	
	Proceeds	Contributions
Governmental activities - Capital Projects Fund	<u>\$ 775,429</u>	<u>\$ -</u>
Business-type activities:		
Automobile Parking System Fund	\$ 760,094	\$ -
Water Supply System Fund	91,781	-
Sewage Disposal System Fund	<u>186,721</u>	<u>-</u>
Total business-type activities	<u>\$ 1,038,596</u>	<u>\$ -</u>
Component Units - Downtown Development Authority	<u>\$ -</u>	<u>\$ 400,000</u>

City of East Lansing, Michigan

Notes to Financial Statements June 30, 2008

Note 4 - Receivables

Receivables as of year end for the City's individual major funds, and the nonmajor and Internal Service Fund in the aggregate, including the applicable allowances for uncollectible accounts, are as follows:

	General Fund	Debt Service Fund	Automobile Parking System Fund	Water Supply System Fund	Sewage Disposal System Fund	Nonmajor and Other Funds	Total
Receivables:							
Taxes	\$ 191,447	\$ 2,764	\$ -	\$ -	\$ -	\$ 4,909	\$ 199,120
Accounts	1,086,200	-	181,625	461,548	758,090	124,004	2,611,467
Special assessments	-	4,599,327	-	-	-	193,098	4,792,425
Interest and other	26,547	-	-	-	-	32,700	59,247
Less allowance for uncollectibles	<u>127,624</u>	<u>829</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,433</u>	<u>129,886</u>
Net receivables	<u>\$ 1,176,570</u>	<u>\$ 4,601,262</u>	<u>\$ 181,625</u>	<u>\$ 461,548</u>	<u>\$ 758,090</u>	<u>\$ 353,278</u>	<u>\$ 7,532,373</u>

Governmental funds report deferred revenue in connection with receivables for revenue that is not considered to be available to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received but not yet earned. At the end of the current fiscal year, the City has \$4,964,969 in deferred revenue, of which \$4,899,327 is unavailable special assessment and other revenue and \$65,642 is unearned by the City at year end.

City of East Lansing, Michigan

Notes to Financial Statements June 30, 2008

Note 5 - Capital Assets

Capital asset activity of the City's governmental and business-type activities and the component units was as follows:

	Balance July 1, 2007	Additions	Disposals and Adjustments	Balance June 30, 2008
Governmental Activities				
Capital assets not being depreciated:				
Land	\$ 6,514,394	\$ 96,200	\$ -	\$ 6,610,594
Construction in progress	<u>1,765,458</u>	<u>3,697,779</u>	<u>(1,747,514)</u>	<u>3,715,723</u>
Subtotal	8,279,852	3,793,979	(1,747,514)	10,326,317
Capital assets being depreciated:				
Land improvements	5,042,291	326,801	-	5,369,092
Buildings and improvements	35,849,679	198,136	-	36,047,815
Vehicles	6,769,918	845,764	(709,365)	6,906,317
Equipment	10,559,715	331,154	(18,700)	10,872,169
Library books and electronic resources	1,006,972	220,550	(182,248)	1,045,274
Traffic signals	1,443,538	32,903	-	1,476,441
Streets	36,920,081	676,133	1,747,514	39,343,728
Decorative street lights	1,237,744	-	-	1,237,744
Pathways	39,366	-	-	39,366
Sidewalks	132,245	476,051	-	608,296
Drainage flow rights	698,161	-	-	698,161
Bridges	<u>772,735</u>	<u>-</u>	<u>-</u>	<u>772,735</u>
Subtotal	100,472,445	3,107,492	837,201	104,417,138
Accumulated depreciation:				
Land improvements	1,768,675	252,909	-	2,021,584
Buildings and improvements	7,561,061	730,530	-	8,291,591
Vehicles	4,929,085	663,771	(708,000)	4,884,856
Equipment	8,483,451	530,947	(18,044)	8,996,354
Library books and electronic resources	600,966	169,518	(182,248)	588,236
Traffic signals	961,160	87,513	-	1,048,673
Streets	15,435,338	1,513,868	-	16,949,206
Decorative street lights	763,797	82,542	-	846,339
Pathways	6,889	1,968	-	8,857
Sidewalks	3,018	12,342	-	15,360
Drainage flow rights	17,454	34,908	-	52,362
Bridges	<u>208,260</u>	<u>15,456</u>	<u>-</u>	<u>223,716</u>
Subtotal	<u>40,739,154</u>	<u>4,096,272</u>	<u>(908,292)</u>	<u>43,927,134</u>
Net capital assets being depreciated	<u>59,733,291</u>	<u>(988,780)</u>	<u>1,745,493</u>	<u>60,490,004</u>
Net capital assets	<u>\$ 68,013,143</u>	<u>\$ 2,805,199</u>	<u>\$ (2,021)</u>	<u>\$ 70,816,321</u>

City of East Lansing, Michigan

Notes to Financial Statements June 30, 2008

Note 5 - Capital Assets (Continued)

Business-type Activities	Balance July 1, 2007	Additions	Disposals and Adjustments	Balance June 30, 2008
Capital assets not being depreciated:				
Land	\$ 2,186,695	\$ -	\$ (213,321)	\$ 1,973,374
Construction in progress	452,861	3,755,165	(1,296,047)	2,911,979
Subtotal	2,639,556	3,755,165	(1,509,368)	4,885,353
Capital assets being depreciated:				
Buildings and building improvements	57,205,562	-	(185,567)	57,019,995
Water and sewer mains	41,790,852	767,983	1,296,047	43,854,882
Equipment	8,480,535	37,860	-	8,518,395
Subtotal	107,476,949	805,843	1,110,480	109,393,272
Accumulated depreciation:				
Buildings and building improvements	22,261,133	1,221,838	(34,958)	23,448,013
Water and sewer mains	12,776,457	1,179,464	-	13,955,921
Equipment	2,117,363	447,253	-	2,564,616
Subtotal	37,154,953	2,848,555	(34,958)	39,968,550
Net capital assets being depreciated	70,321,996	(2,042,712)	1,145,438	69,424,722
Net capital assets	<u>\$ 72,961,552</u>	<u>\$ 1,712,453</u>	<u>\$ (363,930)</u>	<u>\$ 74,310,075</u>
Component Units	Balance July 1, 2007	Additions	Disposals and Adjustments	Balance June 30, 2008
Capital assets being depreciated -				
Buildings and building improvements	\$ 699,467	\$ -	\$ -	\$ 699,467
Accumulated depreciation -				
Buildings and building improvements	76,380	13,850	-	90,230
Net capital assets	<u>\$ 623,087</u>	<u>\$ (13,850)</u>	<u>\$ -</u>	<u>\$ 609,237</u>

City of East Lansing, Michigan

Notes to Financial Statements June 30, 2008

Note 5 - Capital Assets (Continued)

Depreciation expense was charged to programs of the primary government as follows:

Governmental activities:

General government	\$ 240,357
Public safety	228,849
Public works	1,811,476
Community and economic development	1,510
Culture and recreation	810,368
Internal Service Fund depreciation is charged to the various functions based on their usage of the asset	<u>1,003,712</u>

Total governmental activities \$ 4,096,272

Business-type activities:

Water	\$ 230,246
Sewer	1,856,980
Parking	<u>761,329</u>

Total business-type activities \$ 2,848,555

Construction Commitments - The City has active construction projects at year end. The projects include various street projects, a parking structure, and other miscellaneous projects. At year end, the City's commitments with contractors are as follows:

	<u>Spent to Date</u>	<u>Remaining Commitment</u>
Street projects	\$ 2,328,660	\$ 961,799
Parking structure project	2,305,727	488,773
Other projects	<u>1,487,825</u>	<u>663,029</u>
Total	<u>\$ 6,122,212</u>	<u>\$ 2,113,601</u>

City of East Lansing, Michigan

Notes to Financial Statements June 30, 2008

Note 6 - Interfund Transfers

Interfund transfers for the year ended June 30, 2008 consisted of the following:

Fund Providing Resources	Fund Receiving Resources	Amount
General Fund	Library Fund	\$ 1,441,935
	Senior Fund	151,745
	Parks and Recreation Fund	1,249,185
	Debt Service Fund	1,395,091
	Capital Projects Fund - Parks	<u>9,997</u>
	Subtotal General Fund	4,247,953
Major Streets Fund	Local Streets Fund	775,085
Capital Projects Fund	Capital Projects Fund - Parks	<u>84,685</u>
	Total interfund transfers	<u>\$ 5,107,723</u>

Transfers are used to provide resources from unrestricted General Fund revenues to finance various programs accounted for in other funds, in accordance with budgetary authorizations. In addition, the Major Streets Fund is allowed under Act 51 to share a portion of its gas and weight tax revenues with the Local Streets Fund. The transfer from the Capital Projects Fund was done so all parks projects will be accounted for in the Capital Projects Parks Fund.

Also during the year ended June 30, 2008, the Sewage Disposal System Fund provided \$571,399 to the Major Streets Fund in order to cover certain capital expenditures. These monies will be repaid within the next fiscal year.

Note 7 - Long-term Debt

The City issues bonds to provide for the acquisition and construction of major capital facilities. General obligation bonds are direct obligations and pledge the full faith and credit of the City. County contractual agreements and installment purchase agreements are also general obligations of the government. Special assessment bonds provide for capital improvements that benefit specific properties, and will be repaid from amounts levied against those properties benefited from the construction. In the event that a deficiency exists because of unpaid or delinquent special assessments at the time a debt service payment is due, the City is obligated to provide resources to cover the deficiency until other resources (such as tax sale proceeds or a re-assessment of the district) are received.

City of East Lansing, Michigan

Notes to Financial Statements June 30, 2008

Note 7 - Long-term Debt (Continued)

Long-term obligation activity can be summarized as follows:

	Balance July 1, 2007	Additions	Reductions	Balance June 30, 2008	Due Within One Year
Governmental Activities					
General obligation bonds:					
Unlimited Tax Refunding Bonds	\$ 315,000	\$ -	\$ 315,000	\$ -	\$ -
Unlimited Tax Bonds Series A (1996)	420,000	-	-	420,000	-
Unlimited Tax Bonds Series B (1998)	6,435,000	-	415,000	6,020,000	435,000
Unlimited Tax Bonds Series (1999)	1,145,000	-	70,000	1,075,000	75,000
Limited Tax Downtown Development Bonds (2000)	225,000	-	70,000	155,000	75,000
Unlimited Tax Refunding Bonds (2005)	2,695,000	-	300,000	2,395,000	300,000
Limited Tax Downtown Development Refunding Bonds (2005)	3,600,000	-	35,000	3,565,000	35,000
2003 Public Service Garage Bonds	6,265,000	-	205,000	6,060,000	210,000
2004 Limited Tax Bonds	2,345,000	-	95,000	2,250,000	100,000
Limited Tax Bond Anticipation Notes	1,300,000	300,000	-	1,600,000	-
2008 Limited Tax Bonds Series A	-	795,000	-	795,000	50,000
2008 Limited Tax Bonds Series B	-	430,000	-	430,000	30,000
Less discounts and deferred charge on refunding	(411,658)	2,150	(50,756)	(358,752)	-
Other general obligations:					
HUD Note Series 2006-A	1,500,000	-	75,000	1,425,000	75,000
Towar/Snell Drain Assessment	663,253	-	34,908	628,345	34,908
Installment purchase contract -					
Court computers	45,495	-	45,495	-	-
Special assessment bonds:					
Bond Series A (1998)	95,000	-	95,000	-	-
Bond Series B (1998)	50,000	-	50,000	-	-
Bond Series (2002)	2,640,000	-	535,000	2,105,000	530,000
Bond Series (2006)	3,910,000	-	340,000	3,570,000	415,000
Other long-term obligations:					
Burcham Park remediation costs	779,693	-	102,128	677,565	-
Compensated absences	3,210,689	2,827,160	2,832,961	3,204,888	1,678,027
Total governmental activities	<u>\$ 37,227,472</u>	<u>\$ 4,354,310</u>	<u>\$ 5,564,736</u>	<u>\$ 36,017,046</u>	<u>\$ 4,042,935</u>

The Limited Tax Downtown Development bonds (2000 and 2005) and 2008 Limited Tax Bond Series B bonds are intended to be funded by contributions from the Downtown Development Authority.

City of East Lansing, Michigan

Notes to Financial Statements June 30, 2008

Note 7 - Long-term Debt (Continued)

	Balance July 1, 2007	Additions	Reductions	Balance June 30, 2008	Due Within One Year
Business-type Activities					
General obligation bonds:					
Limited Tax Building Authority					
Refunding Bonds Series 1999	\$ 6,190,000	\$ -	\$ 490,000	\$ 5,700,000	\$ 510,000
Limited Tax Bonds Series 1994 - CSO	3,275,000	-	300,000	2,975,000	305,000
Limited Tax Bonds Series 1995 - CSO	7,040,000	-	635,000	6,405,000	650,000
Limited Tax Bonds Series 1996	2,265,000	-	2,265,000	-	-
Building Authority Bonds 1997	680,000	-	45,000	635,000	45,000
Building Authority Bonds 2000	4,670,000	-	365,000	4,305,000	380,000
Limited Tax Certificates of					
Participation 2001	1,970,000	-	185,000	1,785,000	190,000
Limited Tax Bonds Series 2000	500,000	-	25,000	475,000	30,000
Limited Tax Certificates of					
Participation 2001B	1,445,000	-	135,000	1,310,000	140,000
Limited Tax Bond Series 2004 - CSO	8,683,648	-	400,000	8,283,648	385,000
Building Authority Refunding Bonds 2005	6,430,000	-	40,000	6,390,000	40,000
Limited Tax Bonds Series A 2007	2,160,000	-	10,000	2,150,000	10,000
Limited Tax Bonds Series B 2007	2,150,000	-	-	2,150,000	-
Limited Tax Refunding Bonds 2008	-	2,125,000	-	2,125,000	200,000
Less discounts and deferred charge on refunding	(760,494)	(11,655)	(78,990)	(693,159)	-
Installment purchase contract - Parking equipment	944,180	-	145,258	798,922	145,259
Other long-term obligations - Compensated absences	214,041	139,032	121,566	231,507	121,521
Total business-type activities	<u>\$ 47,856,375</u>	<u>\$ 2,252,377</u>	<u>\$ 5,082,834</u>	<u>\$ 45,025,918</u>	<u>\$ 3,151,780</u>
Downtown Development Authority -					
Installment loan agreement - Building	<u>\$ 700,000</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 700,000</u>	<u>\$ -</u>

In November 2001, the Downtown Development Authority purchased the building located at 303 Abbott. The acquisition was financed with the proceeds of a Core Communities Fund Program economic development financing agreement in the amount of \$700,000, with the Michigan Economic Development Corporation (MEDC). Annual principal and interest payments have been deferred by the MEDC and no short-term liability has been recorded as of June 30, 2008.

City of East Lansing, Michigan

Notes to Financial Statements June 30, 2008

Note 7 - Long-term Debt (Continued)

Annual debt service requirements to maturity for the above obligations (excluding compensated absences and deferred changes in refunding) are as follows:

	Governmental Activities			Business-type Activities		
	Principal	Interest	Total	Principal	Interest	Total
2009	\$ 2,364,908	\$ 1,320,338	\$ 3,685,246	\$ 3,030,259	\$ 1,585,409	\$ 4,615,668
2010	3,999,908	1,237,839	5,237,747	3,130,259	1,556,781	4,687,040
2011	2,434,908	1,138,380	3,573,288	3,245,259	1,445,102	4,690,361
2012	2,489,908	1,038,437	3,528,345	3,420,259	1,328,449	4,748,708
2013	2,034,908	933,647	2,968,555	3,535,259	1,207,961	4,743,220
2014-2018	10,119,541	3,335,532	13,455,073	15,762,626	4,087,167	19,849,793
2019-2023	5,499,540	1,580,363	7,079,903	6,940,000	2,056,609	8,996,609
2024-2028	3,549,724	426,342	3,976,066	4,288,649	844,147	5,132,796
2029-2033	-	-	-	1,020,000	446,128	1,466,128
2034-2037	-	-	-	1,115,000	144,210	1,259,210
Total	<u>\$ 32,493,345</u>	<u>\$ 11,010,878</u>	<u>\$ 43,504,223</u>	<u>\$ 45,487,570</u>	<u>\$ 14,701,963</u>	<u>\$ 60,189,533</u>

Defeased Debt

In prior years, the City defeased certain bonds by placing the proceeds of new bonds in an irrevocable trust to provide for all future debt service payments on the old bonds. Accordingly, the trust accounts assets and liabilities for the defeased bonds are not included in the financial statements. At June 30, 2008, approximately \$9,075,000 of bonds outstanding are considered defeased.

Note 8 - Risk Management

The City is exposed to various risks of loss related to property loss, torts, errors and omissions, and employee injuries (workers' compensation), as well as prescription benefits provided to employees. The City has purchased commercial insurance for property loss, torts, and errors and omissions claims. All eligible employees are covered by commercial health insurance. The City is self-insured for employees' injuries (workers' compensation) and prescription claims. The City has purchased commercial stop-loss insurance. Settled claims relating to the commercial insurance have not exceeded the amount of insurance coverage in any of the past 20 fiscal years.

City of East Lansing, Michigan

Notes to Financial Statements June 30, 2008

Note 8 - Risk Management (Continued)

The City estimates the liability for employee injuries (workers' compensation) and prescription claims that have been incurred through the end of the fiscal year, including claims that have been reported as well as those that have not yet been reported. This liability is reported in the Insurance and Benefits Internal Service Fund and in governmental activities in the government-wide financial statements. Changes in the estimated liability for the past two fiscal years were as follows:

	2008	2007
Unpaid Claims - Beginning of year	\$ 270,257	\$ 264,644
Incurred claims (including claims incurred but not reported)	1,387,748	1,416,298
Claim payments	<u>(1,373,670)</u>	<u>(1,410,685)</u>
Unpaid Claims - End of year	<u><u>\$ 284,335</u></u>	<u><u>\$ 270,257</u></u>

Note 9 - Defined Benefit Pension Plan and Postretirement Benefits

Plan Description - The City participates in the Michigan Municipal Employees' Retirement System (MERS), an agent multiple-employer defined benefit pension plan that covers all employees of the City. The system provides retirement, disability, and death benefits to plan members and their beneficiaries. MERS issues a publicly available financial report that includes financial statements and required supplementary information for the system. That report may be obtained by writing to the system at 1147 Municipal Way, Lansing, MI 48917.

Funding Policy - The obligation to contribute to and maintain the system for these employees was established by negotiation with the City's competitive bargaining units and requires a contribution from the employees up to 6.7 percent of gross wages for various bargaining units.

City of East Lansing, Michigan

Notes to Financial Statements June 30, 2008

Note 9 - Defined Benefit Pension Plan and Postretirement Benefits (Continued)

Annual Pension Costs - For the year ended June 30, 2008, the City's annual pension cost of \$3,165,464 for the plan was equal to the required and actual contribution. The annual required contribution was determined as part of an actuarial valuation at December 31, 2006, using the entry age normal cost method. Significant actuarial assumptions used include (a) an 8.0 investment rate of return, (b) projected salary increases of 4.5 percent per year, and (c) 3 to 4 percent per year cost-of-living adjustments for police and fire. Both (a) and (b) include an inflation assumption of 4.5 percent per year. The actuarial value of assets was determined using techniques that smooth the effects of short-term volatility over a four-year period. The unfunded actuarial liability is being amortized as a level percentage of payroll on a closed basis. The remaining amortization period is 28 years.

Three-year trend information is as follows:

	Fiscal Year Ended June 30		
	2006	2007	2008
Annual pension costs (APC)	\$ 2,585,796	\$ 2,980,777	\$ 3,165,464
Percentage of APC contributed	100%	100%	100%
Net pension obligation	-	-	-
	Actuarial Valuation as of December 31		
	2005	2006	2007
Actuarial value of assets	\$ 91,500,724	\$ 95,551,414	\$ 99,370,034
Actuarial accrued liability (entry age)	123,228,403	131,102,892	136,758,375
Unfunded AAL (UAAL)	31,727,679	35,551,478	37,388,341
Funded ratio	74%	73%	73%
Covered payroll	\$ 15,069,393	\$ 14,612,396	\$ 14,222,858
UAAL as a percentage of covered payroll	211%	243%	263%

Note 9 - Defined Benefit Pension Plan and Postretirement Benefits (Continued)

Defined Contribution Pension Plan

Effective November 1, 1999, the City provides pension benefits to its various nonunion senior, nonunion junior, UAW nonsupervisory senior, UAW nonsupervisory junior, and independent employees through a defined contribution plan administered by the Michigan Municipal Employees' Retirement System (MERS). The MERS defined contribution plan provides retirement and death benefits to plan members and their beneficiaries. In a defined contribution plan, benefits depend solely on amounts contributed to the plan plus investment earnings. As established by negotiation with the City's competitive bargaining units, the City contributes 7.0 percent to 10.5 percent and employees contribute up to 3.5 percent of employees' gross earnings. In accordance with these requirements, the City contributed \$756,362 during the current year, and employees contributed \$247,721.

Postretirement Benefits

The City provides health care benefits to various employees in accordance with the various bargaining units' contracts upon retirement. Currently, 188 retirees are eligible. The City includes retirees and their spouses in either its commercial health insurance or its self-insured health care plan, with no contribution required by the participant. Expenditures for postemployment health care benefits are recognized as the claims are incurred or premiums are paid; during the year, this amounted to \$1,475,131.

The City also is advance funding postretirement health care benefits on a basis which is not actuarially determined. During the year ended June 30, 2008, there were no contributions for advance funding. At June 30, 2008, the net assets available for future benefit payments totaled \$2,699,078 and have been recorded in the Insurance and Benefits Fund (an Internal Service Fund type).

Upcoming Reporting Change - The Governmental Accounting Standards Board has released Statement Number 45, *Accounting and Reporting by Employers for Post-employment Benefits Other Than Pensions*. The new pronouncement provides guidance for local units of government in recognizing the cost of retiree health care, as well as any "other" postemployment benefits (other than pensions). The new rules will cause the government-wide financial statements to recognize the cost of providing retiree health care coverage over the working life of the employee, rather than at the time the health care premiums are paid. The new pronouncement is effective for the year beginning July 1, 2008.

City of East Lansing, Michigan

Notes to Financial Statements June 30, 2008

Note 10 - Joint Venture

The City is a member of the East Lansing - Meridian Water and Sewer Authority (the "Authority"), which provides water services to the residents of the City of East Lansing and the Charter Township of Meridian. The participating communities provide annual funding for its operations. During the current year, the City contributed \$1,107,612 for its operations and debt. The City is unaware of any circumstances that would cause an additional benefit or burden to the participating governments in the near future. The City appoints three members to the joint venture's governing board, which then approves the annual budget. The following financial information of the joint venture is obtained from audited financial statements as of June 30, 2008. Complete financial statements for the East Lansing - Meridian Water and Sewer Authority can be obtained from the administrative offices at 410 Abbott Road, East Lansing, Michigan 48823.

Total assets	\$ 7,065,858
Total liabilities	279,194
Total net assets	6,786,664
Total operating revenue	2,810,266
Total operating expenses	2,902,587
Decrease in net assets	505,420

Note 11 - Construction Code Fees

The City oversees building construction, in accordance with the State's Construction Code Act, including inspection of building construction and renovation to ensure compliance with the building codes. The City charges fees for these services. The law requires that collection of these fees be used only for construction code costs, including an allocation of estimated overhead costs. A summary of the current year activity and the cumulative surplus or shortfall generated since January 1, 2000 is as follows:

Cumulative shortfall at July 1, 2007	\$ (236,154)
Current year building permit revenue	523,479
Related expenses:	
Direct costs	601,170
Indirect costs	69,334
Cumulative shortfall at June 30, 2008	<u>\$ (383,179)</u>

City of East Lansing, Michigan

Notes to Financial Statements June 30, 2008

Note 12 - Designated Fund Balance

Fund balances have been designated for the following purposes:

	General Fund	Special Revenue Funds	Capital Projects Funds
Appropriated for 2009 budget	\$ 419,855	\$ 81,450	\$ 46,925
Designated for special purposes	<u>251,219</u>	<u>173,614</u>	<u>-</u>
Total	<u>\$ 671,074</u>	<u>\$ 255,064</u>	<u>\$ 46,925</u>

Note 13 - Burcham Park Remediation

During the 1950s, the City operated a public landfill at the corner of Park Lake Road and Burcham Drive. In 1996, the site was converted to a recreation park. In 1997, soil borings revealed hazardous material in the landfill material slightly above the residential clean-up criteria and the site was deemed a "facility" under Part 201 of NREPA. The City proceeded toward "closure" of the site under Department of Environmental Quality (DEQ) monitoring. The DEQ notified the City of new closure criteria, per a draft DEQ policy, regarding acceptable methane levels. In March 2006, the City undertook remediation efforts.

As of June 30, 2008, the City has recorded expenses and a liability at the government-wide financial statement level for this obligation. The total estimated liability is \$677,565 (see Note 7). The City will bear the entire obligation of this pollution remediation.

The estimated liability is subject to changes due to future price increases or reductions, changes in the real estate market, technology, and changes in applicable laws and regulations. The liability will be adjusted in the future when new information indicates changes in the future estimated outlays.

Required Supplemental Information

City of East Lansing, Michigan

Required Supplemental Information Budgetary Comparison Schedule - General Fund Year Ended June 30, 2008

	Original Budget	Amended Budget	Actual	Variance With Amended Budget
Resources (Inflows)				
Property taxes and assessments	\$ 15,173,245	\$ 15,173,245	\$ 15,247,099	\$ 73,854
Licenses and permits	1,423,460	1,423,460	1,303,946	(119,514)
Intergovernmental revenue	7,076,720	7,420,720	7,529,291	108,571
Charges for services	4,379,240	4,285,240	4,581,796	296,556
Fines and forfeitures	3,624,845	3,624,845	3,285,328	(339,517)
Interest income	220,000	356,000	414,501	58,501
Other	908,605	1,011,745	1,225,145	213,400
Other - Appropriated from fund balance	-	2,056,180	-	(2,056,180)
Total resources (inflows)	<u>\$ 32,806,115</u>	<u>\$ 35,351,435</u>	<u>\$ 33,587,106</u>	<u>\$ (1,764,329)</u>
Charges to Appropriations (Outflows)				
General government	\$ 8,825,995	\$ 8,788,735	\$ 8,480,522	\$ 308,213
Public safety	17,720,675	18,596,135	18,442,093	154,042
Public works - Sanitation	160,530	180,530	207,587	(27,057)
Public works - Highway and streets	1,126,940	1,557,290	1,414,664	142,626
Health and welfare and community development	155,700	165,090	105,508	59,582
Culture and recreation	1,740,900	1,794,900	1,637,438	157,462
Other expenditures	25,800	15,800	-	15,800
Transfer out - Other funds	3,049,575	4,252,955	4,247,953	5,002
Total charges to appropriations (outflows)	<u>\$ 32,806,115</u>	<u>\$ 35,351,435</u>	<u>\$ 34,535,765</u>	<u>\$ 815,670</u>
Fund Balance Reconciliation				
Fund Balance - Beginning of the year	\$ 3,009,004	\$ 4,919,627	\$ 4,919,627	\$ -
Change in fund balance	-	(2,056,180)	(948,659)	1,107,521
Fund Balance - End of year	<u>\$ 3,009,004</u>	<u>\$ 2,863,447</u>	<u>\$ 3,970,968</u>	<u>\$ 1,107,521</u>

City of East Lansing, Michigan

Required Supplemental Information Budgetary Comparison Schedule – Debt Service Fund Year Ended June 30, 2008

	Original Budget	Amended Budget	Actual	Variance With Amended Budget
Resources (Inflows)				
Property taxes and assessments	\$ 2,572,695	\$ 2,572,695	\$ 2,544,147	\$ (28,548)
Intergovernmental revenue	360,390	360,390	305,498	(54,892)
Interest income	100	100	41,221	41,121
Transfers in - Other funds	196,710	1,395,090	1,395,091	1
Issuance of long term debt	-	-	430,000	430,000
Other - Appropriated from fund balance	256,630	256,630	-	(256,630)
Total resources (inflows)	<u>\$ 3,386,525</u>	<u>\$ 4,584,905</u>	<u>\$ 4,715,957</u>	<u>\$ 131,052</u>
Charges to Appropriations (Outflows)				
Debt service	\$ 3,386,525	\$ 3,236,525	\$ 3,211,596	\$ 24,929
Contributions to DDA	-	-	400,000	(400,000)
Other - Contribution to fund balance	-	1,348,380	-	1,348,380
Total charges to appropriations (outflows)	<u>\$ 3,386,525</u>	<u>\$ 4,584,905</u>	<u>\$ 3,611,596</u>	<u>\$ 973,309</u>
Fund Balance Reconciliation				
Fund Balance - Beginning of the year	\$ 43,172	\$ 43,172	\$ 43,172	\$ -
Change in fund balance	(256,630)	1,091,750	1,104,361	12,611
Fund Balance (Deficit) - End of year	<u>\$ (213,458)</u>	<u>\$ 1,134,922</u>	<u>\$ 1,147,533</u>	<u>\$ 12,611</u>

City of East Lansing, Michigan

Note to Required Supplemental Information Year Ended June 30, 2008

Budgetary Information - The City is legally subject to the budgetary control requirements of State of Michigan P.A. 621 of 1978 (the Uniform Budgeting Act). The following statements represent a brief synopsis of the major provisions of this Act:

1. Budgets must be adopted for the General Fund and Special Revenue Funds.
2. The budgets must be balanced. The balanced budget may include a contribution to or appropriation from fund balance.
3. The budgets must be amended when necessary.
4. Debt cannot be entered into unless permitted by law.
5. Expenditures cannot exceed budget appropriations.
6. Expenditures cannot be made unless authorized in the budget.
7. All annual appropriations lapse at fiscal year end.

Annual budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America for the General Fund, all Special Revenue Funds, and the Debt Service Fund, with the following exceptions:

- a. Fund balance appropriations are reported as a resource.
- b. Transfers out to other funds are reported as a charge to appropriations.
- c. Transfers in from other funds are reported as an amount available for appropriations.

By the end of February each year, all department heads submit spending requests to the Finance Director so that a budget may be prepared. Before the first Council meeting in April, the proposed budget is submitted to the City Council for review. Public hearings are held, and a final budget is adopted no later than the second Council meeting in May. The City Council must approve any budget amendments. The General Fund and Special Revenue Funds budgets were amended by \$2,545,320 and \$2,056,010, respectively. The budget is adopted on a functional basis. Although spending estimates are produced for each line item, budgetary control is exercised at the functional level. Expenditures at this level in excess of budget appropriation are a violation of Michigan law. Encumbrances represent commitments related to unperformed contracts or purchase orders for goods or services. Encumbrances are not included as expenditures or liabilities. Unexpended appropriations lapse at year end.

Other Supplemental Information

City of East Lansing, Michigan

Nonmajor Governmental Funds

Major Streets Fund - This fund is used to account for state gasoline and weight taxes allocated to the City for the maintenance and repair of approximately 24 miles of major streets. Also recorded in this fund are expenditures for the repair and maintenance of eight miles of state highway trunklines, namely Michigan Avenue, Grand River Avenue, and Saginaw Street, which are reimbursed under contract from the State.

Local Streets Fund - This fund is used to account for state gasoline and weight taxes allocated to the City for the maintenance and repair of approximately 61 miles of local streets. This fund also receives a contribution from the Major Street Fund to help maintain the local streets.

Library Fund - This fund is used to account for the activities of the City's library. Revenue consists primarily of contributions from the General Fund as well as library book fines, an allocation of county penal fines, state aid to libraries, and miscellaneous gifts and bequests.

Senior Fund - This fund is used to account for the activities of the East Lansing Seniors Program. The Seniors Program provides recreational classes, tax assistance, small-appliance repair, travel opportunities, and other activities for seniors.

Community Development Block Grant Fund (CDBG) - This fund is a series of funds, each of which records an annual grant from the U.S. Department of Housing and Urban Development. These grants begin July of each year and may continue until the entire grant is expended. The grant monies are expended in accordance with federal guidelines to improve the quality of the City's housing stock and to physically improve neighborhoods in qualifying target areas.

Parks and Recreation Fund - This fund is used to account for the operating costs and administrative costs of the Hannah Community Center, the Aquatic Center, and various parks and recreation facilities.

Solid Waste Management Fund - This fund is used to account for the solid waste removal program of the City including curbside residential trash collection, recycling services, and landfill costs. A solid waste millage is levied and trash bag and refuse sticker fees are charged.

Drug Forfeiture Fund - This fund is used to record revenue from seizure, forfeiture and sale of property involved in the violation of controlled substances statutes as well as authorized expenditures related to the collection of the property. Any balance of revenue over expenditures must be used to enhance law enforcement efforts.

Art Festival Fund - These funds are used to account for the East Lansing Arts Festival. Revenue consists primarily of receipts from sponsors and fees.

City of East Lansing, Michigan

Nonmajor Governmental Funds (Continued)

Capital Projects Fund - This fund is used to account for City property acquisitions, City capital improvements, the Avondale Square project, and special assessments.

Capital Projects Fund Parks - This fund is used to account for the Northern Tier Trail, Soccer Complex amenities, and various other parks projects.

City of East Lansing, Michigan

Special Revenue Funds

	Major Streets	Local Streets	Library Fund	Senior Fund	CDBG Fund
Assets					
Cash and investments	\$ -	\$ -	\$ 100,984	\$ 156,079	\$ -
Receivables - Net	2,500	2,601	18,303	-	-
Due from other governmental units	320,333	96,632	-	-	64,616
Assets available for sale	-	-	-	-	-
Inventories and prepaids	-	-	-	-	-
Restricted cash (Note 3)	-	-	-	-	-
Total assets	<u>\$ 322,833</u>	<u>\$ 99,233</u>	<u>\$ 119,287</u>	<u>\$ 156,079</u>	<u>\$ 64,616</u>
Liabilities and Fund Balances					
Liabilities					
Accounts payable	\$ 259,637	\$ 37,419	\$ 10,441	\$ 4,137	\$ 60,430
Accrued and other liabilities	-	-	44,635	6,085	-
Due to other funds (Note 6)	571,399	-	-	-	-
Total liabilities	831,036	37,419	55,076	10,222	60,430
Fund Balances					
Reserved for:					
Encumbrances	143,363	-	-	-	-
Assets available for sale	-	-	-	-	-
Inventories and prepaids	-	-	-	-	-
Solid waste operations	-	-	-	-	-
Unreserved:					
Designated	-	59,400	33,614	-	-
Undesignated	(651,566)	2,414	30,597	145,857	4,186
Total fund balances (deficit)	<u>(508,203)</u>	<u>61,814</u>	<u>64,211</u>	<u>145,857</u>	<u>4,186</u>
Total liabilities and fund balances	<u>\$ 322,833</u>	<u>\$ 99,233</u>	<u>\$ 119,287</u>	<u>\$ 156,079</u>	<u>\$ 64,616</u>

**Other Supplemental Information
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2008**

Parks and Recreation Fund	Solid Waste Management Fund	Drug Forfeiture Fund	Art Festival Fund	Capital Projects Fund	Capital Projects Fund Parks	Total Nonmajor Governmental Funds
\$ 591,311	\$ 179,291	\$ 33,358	\$ 7,707	\$ 664,975	\$ 216,594	\$ 1,950,299
67,743	6,001	-	-	-	-	97,148
-	-	-	-	-	-	481,581
-	330,200	-	-	916,500	-	1,246,700
-	29,371	-	-	-	-	29,371
-	-	-	-	775,429	-	775,429
\$ 659,054	\$ 544,863	\$ 33,358	\$ 7,707	\$ 2,356,904	\$ 216,594	\$ 4,580,528
\$ 206,307	\$ 16,684	\$ 2,472	\$ 1,739	\$ 400,694	\$ 21,513	\$ 1,021,473
105,837	2,547	-	432	-	-	159,536
-	-	-	-	-	-	571,399
312,144	19,231	2,472	2,171	400,694	21,513	1,752,408
198,025	-	3,416	-	354,483	20,080	719,367
-	330,200	-	-	916,500	-	1,246,700
-	29,371	-	-	-	-	29,371
-	166,061	-	-	-	-	166,061
140,000	-	21,750	300	-	46,925	301,989
8,885	-	5,720	5,236	685,227	128,076	364,632
346,910	525,632	30,886	5,536	1,956,210	195,081	2,828,120
\$ 659,054	\$ 544,863	\$ 33,358	\$ 7,707	\$ 2,356,904	\$ 216,594	\$ 4,580,528

City of East Lansing, Michigan

	Special Revenue Funds				
	Major Streets	Local Streets	Library Fund	Senior Fund	CDBG Fund
Revenue					
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ -
Federal sources	2,500	-	-	-	754,671
State sources	3,279,224	591,213	24,261	-	-
Intergovernmental revenue	117,333	-	143,678	-	-
Charges for services	-	-	45,682	49,404	3,720
Fines and forfeitures	-	-	37,688	-	-
Interest and rentals	-	-	5,601	3,017	-
Other	-	5,300	116,398	128,918	-
Total revenue	3,399,057	596,513	373,308	181,339	758,391
Expenditures					
Culture and recreation	-	-	1,551,018	236,791	-
Community development	-	-	-	-	151,479
Public safety	-	-	-	-	-
Public works:					
Sanitation	-	-	-	-	-
Highways and streets	4,312,844	1,387,159	-	-	-
Capital outlay	-	-	297,478	1,647	602,726
Debt service	-	-	-	-	-
Total expenditures	4,312,844	1,387,159	1,848,496	238,438	754,205
Excess of Revenue Over (Under)					
Expenditures	(913,787)	(790,646)	(1,475,188)	(57,099)	4,186
Other Financing Sources (Uses)					
Proceeds from issuance of long-term debt	-	-	-	-	-
Premiums on issuance of debt	-	-	-	-	-
Transfers in	-	775,085	1,441,935	151,745	-
Transfers out	(775,085)	-	-	-	-
Total other financing sources (uses)	(775,085)	775,085	1,441,935	151,745	-
Change in Fund Balances	(1,688,872)	(15,561)	(33,253)	94,646	4,186
Fund Balances - Beginning of year	1,180,669	77,375	97,464	51,211	-
Fund Balances (Deficit) - End of year	\$ (508,203)	\$ 61,814	\$ 64,211	\$ 145,857	\$ 4,186

Other Supplemental Information
Combining Statement of Revenue, Expenditures, and
Changes in Fund Balance
Nonmajor Governmental Funds
Year Ended June 30, 2008

Parks and Recreation Fund	Solid Waste Management Fund	Drug Forfeiture Fund	Art Festival Fund	Capital Projects Fund	Capital Projects Fund Parks	Total Nonmajor Governmental Funds
\$ -	\$ 1,259,214	\$ -	\$ -	\$ -	\$ -	\$ 1,259,214
74,818	-	-	-	17,404	-	849,393
30,303	-	-	-	-	9,591	3,934,592
-	-	-	-	322,628	-	583,639
2,181,472	276,825	-	20,014	-	-	2,577,117
-	-	43,914	-	-	-	81,602
230,887	16,588	1,578	55,340	51,509	8,451	372,971
131,095	15,116	-	72,871	-	53,547	523,245
2,648,575	1,567,743	45,492	148,225	391,541	71,589	10,181,773
3,580,210	-	-	143,201	-	-	5,511,220
-	-	-	-	767,138	-	918,617
-	-	14,606	-	-	-	14,606
-	1,572,513	-	-	-	-	1,572,513
-	-	-	-	-	-	5,700,003
401,831	328,462	-	-	1,598,179	386,113	3,616,436
-	-	-	-	238,696	-	238,696
3,982,041	1,900,975	14,606	143,201	2,604,013	386,113	17,572,091
(1,333,466)	(333,232)	30,886	5,024	(2,212,472)	(314,524)	(7,390,318)
-	-	-	-	1,095,000	-	1,095,000
-	-	-	-	2,150	-	2,150
1,249,185	-	-	-	-	94,682	3,712,632
-	-	-	-	(84,685)	-	(859,770)
1,249,185	-	-	-	1,012,465	94,682	3,950,012
(84,281)	(333,232)	30,886	5,024	(1,200,007)	(219,842)	(3,440,306)
431,191	858,864	-	512	3,156,217	414,923	6,268,426
\$ 346,910	\$ 525,632	\$ 30,886	\$ 5,536	\$ 1,956,210	\$ 195,081	\$ 2,828,120

City of East Lansing, Michigan

Other Supplemental Information Budgetary Comparison Schedule Major Streets Fund Year Ended June 30, 2008

	Original Budget	Amended Budget	Actual	Variance with Amended Budget
Resources (Inflows)				
Intergovernmental revenue	\$ 2,452,515	\$ 2,452,515	\$ 3,392,206	\$ 939,691
Interest income	16,000	16,000	-	(16,000)
Transfer in - Other funds	-	250,000	-	(250,000)
Other - Appropriated from fund balance	290,895	1,095,675	-	(1,095,675)
Total resources (inflows)	<u>\$ 2,759,410</u>	<u>\$ 3,814,190</u>	<u>\$ 3,392,206</u>	<u>\$ (421,984)</u>
Charges to Appropriations (Outflows)				
Highways and streets	\$ 1,984,325	\$ 3,039,105	\$ 4,305,993	\$ (1,266,888)
Transfer out - Other fund	775,085	775,085	775,085	-
Total charges to appropriations (outflows)	<u>\$ 2,759,410</u>	<u>\$ 3,814,190</u>	<u>\$ 5,081,078</u>	<u>\$ (1,266,888)</u>
Fund Balance Reconciliation				
Fund Balance - Beginning of year	\$ 1,414,523	\$ 1,180,669	\$ 1,180,669	\$ -
Change in fund balance	(290,895)	(1,095,675)	(1,688,872)	(593,197)
Fund Balance (Deficit) - End of year	<u>\$ 1,123,628</u>	<u>\$ 84,994</u>	<u>\$ (508,203)</u>	<u>\$ (593,197)</u>

City of East Lansing, Michigan

Other Supplemental Information Budgetary Comparison Schedule (Continued) Local Streets Fund Year Ended June 30, 2008

	Original Budget	Amended Budget	Actual	Variance with Amended Budget
Resources (Inflows)				
Intergovernmental revenue	\$ 612,660	\$ 612,660	\$ 591,213	\$ (21,447)
Other	17,700	17,700	5,300	(12,400)
Transfers in - Other funds	<u>775,085</u>	<u>775,085</u>	<u>775,085</u>	<u>-</u>
Total resources (inflows)	<u>\$ 1,405,445</u>	<u>\$ 1,405,445</u>	<u>\$ 1,371,598</u>	<u>\$ (33,847)</u>
Charges to Appropriations (Outflows) -				
Highways and streets	<u>\$ 1,405,445</u>	<u>\$ 1,405,445</u>	<u>\$ 1,387,159</u>	<u>\$ 18,286</u>
Fund Balance Reconciliation				
Fund Balance - Beginning of year	\$ 22,376	\$ 77,375	\$ 77,375	\$ -
Change in fund balance	<u>-</u>	<u>-</u>	<u>(15,561)</u>	<u>(15,561)</u>
Fund Balance (Deficit) - End of year	<u>\$ 22,376</u>	<u>\$ 77,375</u>	<u>\$ 61,814</u>	<u>\$ (15,561)</u>

City of East Lansing, Michigan

Other Supplemental Information Budgetary Comparison Schedule (Continued) Library Fund Year Ended June 30, 2008

	Original Budget	Amended Budget	Actual	Variance with Amended Budget
Resources (Inflows)				
Intergovernmental revenue	\$ 169,110	\$ 175,110	\$ 167,939	\$ (7,171)
Charges for services	45,320	45,320	45,682	362
Fines and fees	35,000	35,000	37,688	2,688
Interest income	2,150	2,150	5,601	3,451
Other revenues	73,000	113,000	116,398	3,398
Transfer in - Other funds	1,441,935	1,441,935	1,441,935	-
Other - Appropriated from fund balance	43,795	96,325	-	(96,325)
Total resources (inflows)	<u>\$ 1,810,310</u>	<u>\$ 1,908,840</u>	<u>\$ 1,815,243</u>	<u>\$ 2,728</u>
Charges to Appropriations (Outflows) -				
Culture and recreation	<u>\$ 1,810,310</u>	<u>\$ 1,908,840</u>	<u>\$ 1,848,496</u>	<u>\$ 60,344</u>
Fund Balance Reconciliation				
Fund Balance - Beginning of year	\$ 86,468	\$ 97,464	\$ 97,464	\$ -
Change in fund balance	(43,795)	(96,325)	(33,253)	63,072
Fund Balance - End of year	<u>\$ 42,673</u>	<u>\$ 1,139</u>	<u>\$ 64,211</u>	<u>\$ 63,072</u>

City of East Lansing, Michigan

Other Supplemental Information Budgetary Comparison Schedule (Continued) Senior Fund Year Ended June 30, 2008

	Original Budget	Amended Budget	Actual	Variance with Amended Budget
Resources (Inflows)				
Charges for services	\$ 47,700	\$ 59,700	\$ 49,404	\$ (10,296)
Interest income	800	800	3,017	2,217
Other revenues	31,500	31,500	128,918	97,418
Transfers in - Other funds	151,745	151,745	151,745	-
Other - Appropriated from fund balance	-	10,000	-	(10,000)
Total resources (inflows)	<u>\$ 231,745</u>	<u>\$ 253,745</u>	<u>\$ 333,084</u>	<u>\$ 79,339</u>
Charges to Appropriations (Outflows) -				
Culture and recreation	<u>\$ 231,745</u>	<u>\$ 253,745</u>	<u>\$ 238,438</u>	<u>\$ 15,307</u>
Fund Balance Reconciliation				
Fund Balance - Beginning of year	\$ 34,650	\$ 51,211	\$ 51,211	\$ -
Change in fund balance	-	(10,000)	94,646	104,646
Fund Balance - End of year	<u>\$ 34,650</u>	<u>\$ 41,211</u>	<u>\$ 145,857</u>	<u>\$ 104,646</u>

City of East Lansing, Michigan

Other Supplemental Information Budgetary Comparison Schedule (Continued) Parks and Recreation Fund Year Ended June 30, 2008

	Original Budget	Amended Budget	Actual	Variance with Amended Budget
Resources (Inflows)				
Grants	\$ 115,160	\$ 115,160	\$ 105,121	\$ (10,039)
Charges for services	2,136,970	2,199,970	2,181,472	(18,498)
Interest and rent	230,500	230,500	230,887	387
Other revenues	199,000	259,000	131,095	(127,905)
Other - Appropriated from fund balance	244,065	331,245	-	(331,245)
Transfers in - Other funds	1,249,185	1,249,185	1,249,185	-
Total resources (inflows)	<u>\$ 4,174,880</u>	<u>\$ 4,385,060</u>	<u>\$ 3,897,760</u>	<u>\$ (487,300)</u>
Charges to Appropriations (Outflows) -				
Culture and recreation	<u>\$ 4,174,880</u>	<u>\$ 4,385,060</u>	<u>\$ 3,982,041</u>	<u>\$ 403,019</u>
Fund Balance Reconciliation				
Fund Balance - Beginning of year	\$ 404,696	\$ 431,191	\$ 431,191	\$ -
Change in fund balance	(244,065)	(331,245)	(84,281)	246,964
Fund Balance - End of year	<u>\$ 160,631</u>	<u>\$ 99,946</u>	<u>\$ 346,910</u>	<u>\$ 246,964</u>

City of East Lansing, Michigan

Other Supplemental Information Budgetary Comparison Schedule (Continued) Solid Waste Management Fund Year Ended June 30, 2008

	Original Budget	Amended Budget	Actual	Variance with Amended Budget
Resources (Inflows)				
Taxes	\$ 1,257,560	\$ 1,257,560	\$ 1,259,214	\$ 1,654
Charges for services	253,850	273,850	276,825	2,975
Interest income	8,000	8,000	16,588	8,588
Other	-	16,000	15,116	(884)
Other - Appropriated from fund balance	-	619,520	-	(619,520)
Total resources (inflows)	<u>\$ 1,519,410</u>	<u>\$ 2,174,930</u>	<u>\$ 1,567,743</u>	<u>\$ (607,187)</u>
Charges to Appropriations (Outflows) -				
Public works - Sanitation	<u>\$ 1,519,410</u>	<u>\$ 2,174,930</u>	<u>\$ 1,900,975</u>	<u>\$ 273,955</u>
Fund Balance Reconciliation				
Fund Balance - Beginning of year	\$ 43,922	\$ 858,864	\$ 858,864	\$ -
Change in fund balance	-	(619,520)	(333,232)	286,288
Fund Balance - End of year	<u>\$ 43,922</u>	<u>\$ 239,344</u>	<u>\$ 525,632</u>	<u>\$ 286,288</u>

City of East Lansing, Michigan

Other Supplemental Information Budgetary Comparison Schedule (Continued) Drug Forfeiture Fund Year Ended June 30, 2008

	Original Budget	Amended Budget	Actual	Variance with Amended Budget
Resources (Inflows)				
Fines and forfeitures	\$ 5,000	\$ 20,000	\$ 43,914	\$ 23,914
Interest income	<u>1,800</u>	<u>1,800</u>	<u>1,578</u>	<u>(222)</u>
Total resources (inflows)	<u>\$ 6,800</u>	<u>\$ 21,800</u>	<u>\$ 45,492</u>	<u>\$ 23,692</u>
Charges to Appropriations (Outflows) -				
Public safety	<u>\$ 6,800</u>	<u>\$ 21,800</u>	<u>\$ 14,606</u>	<u>\$ 7,194</u>
Fund Balance Reconciliation				
Fund Balance - Beginning of year	\$ -	\$ -	\$ -	\$ -
Change in fund balance	<u>-</u>	<u>-</u>	<u>30,886</u>	<u>30,886</u>
Fund Balance - End of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 30,886</u>	<u>\$ 30,886</u>

City of East Lansing, Michigan

Other Supplemental Information Budgetary Comparison Schedule (Continued) Art Festival Fund Year Ended June 30, 2008

	Original Budget	Amended Budget	Actual	Variance with Amended Budget
Resources (Inflows)				
Charges for services	\$ 23,615	\$ 23,615	\$ 20,014	\$ (3,601)
Interest and rent	56,120	56,120	55,340	(780)
Other revenue	<u>65,000</u>	<u>65,000</u>	<u>72,871</u>	<u>7,871</u>
Total resources (inflows)	<u>\$ 144,735</u>	<u>\$ 144,735</u>	<u>\$ 148,225</u>	<u>\$ 3,490</u>
Charges to Appropriations (Outflows) -				
Culture and recreation	<u>\$ 144,735</u>	<u>\$ 144,735</u>	<u>\$ 143,201</u>	<u>\$ 1,534</u>
Fund Balance Reconciliation				
Fund Balance - Beginning of year	\$ 706	\$ 512	\$ 512	\$ -
Change in fund balance	<u>-</u>	<u>-</u>	<u>5,024</u>	<u>5,024</u>
Fund Balance - End of year	<u>\$ 706</u>	<u>\$ 512</u>	<u>\$ 5,536</u>	<u>\$ 5,024</u>

City of East Lansing, Michigan

Internal Service Funds

Internal Service Funds account for financing of goods or services provided by one department or agency to other departments or agencies of the City, on a cost-reimbursement basis. The City's Internal Service Funds consist of the following:

Insurance and Benefits Fund - This fund is used to account for the charges to City departments associated with the City's self-insured workers' compensation and prescription benefits program and funding of retiree health care benefits.

Garage Fund - This fund is used to account for the operation and maintenance of the motor vehicle fleet and equipment used by the various City departments. Rentals for equipment used are paid to this fund by the various City departments.

Computer Service Fund - This fund is used to account for the operation and maintenance of computers and equipment used by the various City departments. Rentals for equipment used are paid to this fund by the various City departments.

City of East Lansing, Michigan

Other Supplemental Information Combining Statement of Net Assets Internal Service Funds June 30, 2008

	Insurance and Benefits Fund	Garage Fund	Computer Service Fund	Total
Assets				
Current assets:				
Cash and investments	\$ 3,747,691	\$ 433,421	\$ 945,639	\$ 5,126,751
Receivables:				
Special assessments	-	193,098	-	193,098
Customers	-	30,332	-	30,332
Accrued interest	32,700	-	-	32,700
Inventories and prepaids	-	274,542	-	274,542
Total current assets	3,780,391	931,393	945,639	5,657,423
Noncurrent assets - Capital assets	-	13,029,926	60,055	13,089,981
Total assets	3,780,391	13,961,319	1,005,694	18,747,404
Liabilities				
Current liabilities:				
Accounts payable	152,404	42,553	39,136	234,093
Accrued and other liabilities	268,829	258,047	12,131	539,007
Claims payable	284,335	-	-	284,335
Current portion of long-term debt:				
Compensated absences	-	220,380	12,778	233,158
Bonds payable	-	310,000	-	310,000
Total current liabilities	705,568	830,980	64,045	1,600,593
Noncurrent liabilities - Net of current portion:				
Compensated absences	-	280,775	23,278	304,053
Bonds payable	-	7,981,630	-	7,981,630
Total liabilities	705,568	9,093,385	87,323	9,886,276
Net Assets				
Invested in capital assets - Net of related debt	-	4,738,296	60,055	4,798,351
Unrestricted	3,074,823	129,638	858,316	4,062,777
Total net assets	<u>\$ 3,074,823</u>	<u>\$ 4,867,934</u>	<u>\$ 918,371</u>	<u>\$ 8,861,128</u>

City of East Lansing, Michigan

Other Supplemental Information Combining Statement of Revenue, Expenses, and Changes in Net Assets Internal Service Funds Year Ended June 30, 2008

	Insurance and Benefits Fund	Garage Fund	Computer Service Fund	Total
Operating Revenue				
User service charges	\$ 5,818,136	\$ 172,302	\$ 806,971	\$ 6,797,409
Equipment and building rental	-	2,829,698	-	2,829,698
Special assessment	-	16,056	-	16,056
Miscellaneous revenue	-	67,936	-	67,936
Total operating revenue	5,818,136	3,085,992	806,971	9,711,099
Operating Expenses				
Operating expenses	5,512,033	1,724,757	739,961	7,976,751
Depreciation	-	989,933	13,779	1,003,712
Total operating expenses	5,512,033	2,714,690	753,740	8,980,463
Operating Income	306,103	371,302	53,231	730,636
Nonoperating Income (Expense)				
Interest income	155,388	3,610	33,154	192,152
Interest expense	-	(353,498)	-	(353,498)
Total nonoperating income (expense)	155,388	(349,888)	33,154	(161,346)
Change in Net Assets	461,491	21,414	86,385	569,290
Net Assets - Beginning of year	2,613,332	4,846,520	831,986	8,291,838
Net Assets - End of year	<u>\$ 3,074,823</u>	<u>\$ 4,867,934</u>	<u>\$ 918,371</u>	<u>\$ 8,861,128</u>

City of East Lansing, Michigan

Other Supplemental Information Combining Statement of Cash Flows Internal Service Funds Year Ended June 30, 2008

	Insurance and Benefits Fund	Garage Fund	Computer Service Fund	Total
Cash Flows from Operating Activities				
Receipts from customers	\$ 5,847,667	\$ 3,155,061	\$ 806,971	\$ 9,809,699
Payments to suppliers	-	(874,788)	(446,063)	(1,320,851)
Claims paid	(5,360,405)	-	-	(5,360,405)
Payments to employees	-	(731,926)	(355,954)	(1,087,880)
Net cash provided by operating activities	487,262	1,548,347	4,954	2,040,563
Cash Flows from Capital and Related Financing Activities				
Principal and interest paid on long-term debt	-	(653,212)	-	(653,212)
Purchase of capital assets	-	(866,750)	(6,431)	(873,181)
Net cash used in capital and related financing activities	-	(1,519,962)	(6,431)	(1,526,393)
Cash Flows from Investing Activities -				
Interest received on investments	138,779	5,016	36,363	180,158
Net Increase in Cash and Cash Equivalents	626,041	33,401	34,886	694,328
Cash and Cash Equivalents - July 1, 2007	3,121,650	400,020	910,753	4,432,423
Cash and Cash Equivalents - June 30, 2008	<u>\$ 3,747,691</u>	<u>\$ 433,421</u>	<u>\$ 945,639</u>	<u>\$ 5,126,751</u>
Reconciliation of Operating Income to Net Cash from Operating Activities				
Operating income	\$ 306,103	\$ 371,302	\$ 53,231	\$ 730,636
Adjustments to reconcile operating income to net cash from operating activities:				
Depreciation	-	989,933	13,779	1,003,712
Changes in assets and liabilities:				
Receivables	29,531	69,069	-	98,600
Inventories	-	40,041	-	40,041
Accounts payable	93,356	21,708	(62,742)	52,322
Claims payable	14,078	-	-	14,078
Accrued wages	-	37,002	(1,496)	35,506
Other liabilities	44,194	19,292	2,182	65,668
Net cash provided by operating activities	<u>\$ 487,262</u>	<u>\$ 1,548,347</u>	<u>\$ 4,954</u>	<u>\$ 2,040,563</u>

Noncash Investing, Capital, and Financing Activities - There were no noncash activities during the year ended June 30, 2008.

Agency Fund

City of East Lansing, Michigan

Other Supplemental Information Statement of Changes in Assets and Liabilities Agency Fund Year Ended June 30, 2008

	Beginning of Year	Additions	Reductions	End of Year
Assets				
Cash	\$ 1,085,518	\$ 40,948,930	\$ 41,008,376	\$ 1,026,072
Receivables - Net	<u>137,583</u>	<u>41,794,330</u>	<u>41,717,426</u>	<u>214,487</u>
Total assets	<u>\$ 1,223,101</u>	<u>\$ 82,743,260</u>	<u>\$ 82,725,802</u>	<u>\$ 1,240,559</u>
Liabilities				
Accounts payable	\$ 4,973	\$ 39,995,259	\$ 39,905,388	\$ 94,844
Due to other governmental units	258,510	81,192,620	81,111,333	339,797
Accrued and other liabilities	<u>959,618</u>	<u>1,491,384</u>	<u>1,645,084</u>	<u>805,918</u>
Total liabilities	<u>\$ 1,223,101</u>	<u>\$ 122,679,263</u>	<u>\$ 122,661,805</u>	<u>\$ 1,240,559</u>

Component Units

City of East Lansing, Michigan

Other Supplemental Information Component Units - Fund-based Statements Downtown Development Authority Year Ended June 30, 2008

	Modified Accrual	Full Accrual Adjustments	Net Assets - Full Accrual
Balance Sheet/Statement of Net Assets			
Assets			
Cash and investments	\$ 88,285	\$ -	\$ 88,285
Receivables	3,459	-	3,459
Restricted cash	400,000	-	400,000
Capital assets	-	609,237	609,237
Total assets	<u>\$ 491,744</u>	609,237	1,100,981
Liabilities			
Accounts payable	\$ 19,406	-	19,406
Long-term debt due in more than one year	-	700,000	700,000
Total liabilities	19,406	700,000	719,406
Fund Balance	472,338	(472,338)	-
Total liabilities and fund balance	<u>\$ 491,744</u>		
Net Assets (Deficit)			
Invested in capital assets - Net of related debt		(90,763)	(90,763)
Restricted - Capital projects		400,000	400,000
Unrestricted		72,338	72,338
Total net assets (deficit)		<u>\$ 381,575</u>	<u>\$ 381,575</u>

Statement of Revenue, Expenditures, and Changes in Fund Balance/Statement of Activities

	Modified Accrual	Full Accrual Adjustments	Net Assets - Full Accrual
Revenue			
Property tax capture	\$ 1,220,261	\$ -	\$ 1,220,261
Charges for services	629	-	629
Interest income	18,640	-	18,640
Total revenue	1,239,530	-	1,239,530
Expenditures			
Community and economic development	1,185,350	-	1,185,350
Depreciation	-	13,850	13,850
Total expenditures	1,185,350	13,850	1,199,200
Excess of Revenue Over (Under) Expenditures	54,180	(13,850)	40,330
Contribution From Other Governmental Units	400,000	-	400,000
Fund Balance/Net Assets (Deficit)			
Beginning of year	18,158	(76,913)	(58,755)
End of year	<u>\$ 472,338</u>	<u>\$ (90,763)</u>	<u>\$ 381,575</u>

City of East Lansing, Michigan

Other Supplemental Information Component Units - Fund-based Statements Downtown Management Board Year Ended June 30, 2008

	Modified Accrual	Full Accrual Adjustments	Net Assets - Full Accrual
Balance Sheet/Statement of Net Assets			
Assets - Cash and investments	<u>\$ 25,535</u>	\$ -	\$ 25,535
Liabilities - Accounts payable	\$ 1,545	-	1,545
Fund Balance	<u>23,990</u>	<u>(23,990)</u>	<u>-</u>
Total liabilities and fund balance	<u>\$ 25,535</u>		
Net Assets - Unrestricted		<u>\$ 23,990</u>	<u>\$ 23,990</u>

Statement of Revenue, Expenditures, and Changes in Fund Balance/Statement of Activities

	Modified Accrual	Full Accrual Adjustments	Net Assets - Full Accrual
Revenue			
General assessment	\$ 46,157	\$ (46,157)	\$ -
Interest income	1,225	-	1,225
Other revenue	<u>2,161</u>	<u>-</u>	<u>2,161</u>
Total revenue	49,543	(46,157)	3,386
Expenditures - Community and economic development	<u>40,500</u>	<u>-</u>	<u>40,500</u>
Excess of Revenue Over (Under) Expenditures	9,043	(46,157)	(37,114)
Fund Balance/Net Assets			
Beginning of year	<u>14,947</u>	<u>46,157</u>	<u>61,104</u>
End of year	<u>\$ 23,990</u>	<u>\$ -</u>	<u>\$ 23,990</u>

City of East Lansing, Michigan

Other Supplemental Information Component Units - Fund-based Statements Brownfield Redevelopment Authority Year Ended June 30, 2008

	Modified Accrual	Full Accrual Adjustments	Net Assets - Full Accrual
Balance Sheet/Statement of Net Assets			
Assets - Receivables	<u>\$ 7,500</u>	\$ -	\$ 7,500
Liabilities - Accounts payable	\$ 2,432	-	2,432
Fund Balance	<u>5,068</u>	<u>(5,068)</u>	<u>-</u>
Total liabilities and fund balance	<u>\$ 7,500</u>		
Net Assets - Unrestricted		<u>\$ 5,068</u>	<u>\$ 5,068</u>

Statement of Revenue, Expenditures, and Changes in Fund Balance/Statement of Activities			
	Modified Accrual	Full Accrual Adjustments	Net Assets - Full Accrual
Revenue			
Property tax capture	\$ 135,313	\$ -	\$ 135,313
Interest income	29	-	29
Charges for services	<u>7,500</u>	<u>-</u>	<u>7,500</u>
Total revenue	142,842	-	142,842
Expenditures - Community and economic development	<u>152,238</u>	<u>-</u>	<u>152,238</u>
Excess of Revenue Over (Under) Expenditures	(9,396)	-	(9,396)
Fund Balance/Net Assets			
Beginning of year	<u>14,464</u>	<u>-</u>	<u>14,464</u>
End of year	<u>\$ 5,068</u>	<u>\$ -</u>	<u>\$ 5,068</u>

City of East Lansing, Michigan

Other Supplemental Information Component Units - Fund-based Statements Economic Development Corporation Year Ended June 30, 2008

	Modified Accrual	Full Accrual Adjustments	Net Assets - Full Accrual
Balance Sheet/Statement of Net Assets			
Assets - Cash and investments	<u>\$ 17,328</u>	\$ -	\$ 17,328
Liabilities	\$ -	-	-
Fund Balance	<u>17,328</u>	<u>(17,328)</u>	<u>-</u>
Total liabilities and fund balance	<u>\$ 17,328</u>		
Net Assets - Unrestricted		<u>\$ 17,328</u>	<u>\$ 17,328</u>

Statement of Revenue, Expenditures, and Changes in Fund Balance/Statement of Activities

	Modified Accrual	Full Accrual Adjustments	Net Assets - Full Accrual
Revenue - Interest Income	\$ 611	\$ -	\$ 611
Expenditures - Community and economic development	<u>237</u>	<u>-</u>	<u>237</u>
Excess of Revenue Over (Under) Expenditures	374	-	374
Fund Balance/Net Assets			
Beginning of year	<u>16,954</u>	<u>-</u>	<u>16,954</u>
End of year	<u>\$ 17,328</u>	<u>\$ -</u>	<u>\$ 17,328</u>

City of East Lansing, Michigan

Other Supplemental Information Component Units - Fund-based Statements Local Development Financing Authority Year Ended June 30, 2008

	Modified Accrual	Full Accrual Adjustments	Net Assets - Full Accrual
Balance Sheet/Statement of Net Assets			
Assets	<u>\$ -</u>	\$ -	\$ -
Liabilities	\$ -	-	-
Fund Balance	<u>-</u>	<u>-</u>	<u>-</u>
Total liabilities and fund balance	<u>\$ -</u>		
Net Assets - Unrestricted		<u>\$ -</u>	<u>\$ -</u>

Statement of Revenue, Expenditures, and Changes in Fund Balance/Statement of Activities			
	Modified Accrual	Full Accrual Adjustments	Net Assets - Full Accrual
Revenue - Charges for services	\$ 25,000	\$ -	\$ 25,000
Expenditures - Community and economic development	<u>25,000</u>	<u>-</u>	<u>25,000</u>
Excess of Revenue Over (Under) Expenditures	-	-	-
Fund Balance/Net Assets			
Beginning of year	<u>-</u>	<u>-</u>	<u>-</u>
End of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Statistical Section

Statistical Section

This part of the Comprehensive Annual Financial Report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplemental information says about the City's overall financial health.

The statistical section is organized into the following main categories:

- Financial trends
- Revenue capacity
- Debt capacity
- Demographic and economic information
- Operating information

Sources: Unless otherwise noted, the information in these schedules is derived from the Comprehensive Annual Financial Reports for the relevant year. The City implemented GASB Statement No. 34 in 2003; schedules presenting government-wide information include information beginning in that year.

Financial Trends

These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.

City of East Lansing, Michigan

Financial Trend Information Net Assets by Component

	2004	2005	2006	2007	2008
Governmental Activities					
Invested in capital assets -					
Net of related debt	\$ 33,261,393	\$ 36,792,399	\$ 37,990,389	\$ 36,734,720	\$ 39,739,466
Restricted	2,766,897	3,321,941	3,353,582	3,231,127	3,141,727
Unrestricted	<u>11,572,860</u>	<u>8,847,966</u>	<u>8,324,620</u>	<u>10,204,390</u>	<u>9,422,459</u>
Total net assets	<u>\$ 47,601,150</u>	<u>\$ 48,962,306</u>	<u>\$ 49,668,591</u>	<u>\$ 50,170,237</u>	<u>\$ 52,303,652</u>
Business-type Activities					
Invested in capital assets -					
Net of related debt	\$ 25,228,170	\$ 25,303,824	\$ 27,566,896	\$ 29,596,773	\$ 30,554,260
Restricted	-	-	-	-	415,869
Unrestricted	<u>3,996,148</u>	<u>3,947,305</u>	<u>3,971,539</u>	<u>4,557,093</u>	<u>4,581,149</u>
Total net assets	<u>\$ 29,224,318</u>	<u>\$ 29,251,129</u>	<u>\$ 31,538,435</u>	<u>\$ 34,153,866</u>	<u>\$ 35,551,278</u>
Primary Government in Total					
Invested in capital assets -					
Net of related debt	\$ 58,489,563	\$ 62,096,223	\$ 65,557,285	\$ 66,331,493	\$ 70,293,726
Restricted	2,766,897	3,321,941	3,353,582	3,231,127	3,557,596
Unrestricted	<u>15,569,008</u>	<u>12,795,271</u>	<u>12,296,159</u>	<u>14,761,483</u>	<u>14,003,608</u>
Total net assets	<u>\$ 76,825,468</u>	<u>\$ 78,213,435</u>	<u>\$ 81,207,026</u>	<u>\$ 84,324,103</u>	<u>\$ 87,854,930</u>

See independent auditor's disclaimer on the statistical section information.

City of East Lansing, Michigan

Financial Trend Information Changes in Governmental Net Assets

	2004	2005	2006	2007	2008
Expenses					
General government	\$ 7,537,175	\$ 5,736,504	\$ 7,703,683	\$ 8,381,585	\$ 8,541,081
Public safety	15,222,360	16,108,792	16,599,383	17,533,818	18,098,920
Public works	6,848,258	6,182,784	6,430,119	7,412,733	7,936,008
Health and welfare	164,365	186,990	83,966	96,469	105,508
Community and economic development	963,337	679,381	941,254	2,428,516	1,919,829
Culture and recreation	7,104,655	7,040,415	7,533,706	7,946,825	7,693,032
Interest on long-term debt	1,128,930	1,150,612	933,333	964,285	1,071,964
Total governmental activities expenses	38,969,080	37,085,478	40,225,444	44,764,231	45,366,342
Program Revenues					
Charges for services:					
General government	5,145,389	5,221,512	5,425,127	5,429,822	5,575,161
Public safety	4,211,383	4,364,116	2,906,264	2,629,564	2,839,622
Public works	853,171	535,227	315,632	557,009	555,361
Community and economic development	73,064	11,453	-	-	-
Culture and recreation	2,286,080	2,491,114	2,727,366	2,969,049	2,889,298
Total charges for services	12,569,087	12,623,422	11,374,389	11,585,444	11,859,442
Operating grants and contributions	4,027,903	3,964,146	5,874,043	6,783,120	7,280,190
Capital grants and contributions	-	4,000	460,055	3,033,485	3,788,551
Total program revenue	16,596,990	16,591,568	17,708,487	21,402,049	22,928,183
Net Expense	(22,372,090)	(20,493,910)	(22,516,957)	(23,362,182)	(22,438,159)
General revenues:					
Property taxes	14,856,993	15,592,401	16,414,048	17,069,798	18,032,780
Unrestricted state-shared revenues	6,134,877	5,895,886	5,783,245	5,729,807	5,524,157
Unrestricted investment earnings	144,219	259,165	417,271	501,263	552,142
Unrestricted franchise fees	318,825	372,660	431,921	421,492	424,737
Miscellaneous	485,311	163,594	176,757	141,468	37,758
Total general revenue	21,940,225	22,283,706	23,223,242	23,863,828	24,571,574
Transfers	-	(428,640)	-	-	-
Change in Net Assets	\$ (431,865)	\$ 1,361,156	\$ 706,285	\$ 501,646	\$ 2,133,415

See independent auditor's disclaimer on the statistical section information.

City of East Lansing, Michigan

Financial Trend Information Changes in Business-type Net Assets

	2004	2005	2006	2007	2008
Operating Revenue					
Parking revenue	\$ 3,070,438	\$ 3,304,790	\$ 3,609,781	\$ 3,572,973	\$ 3,505,284
Water user service charges	2,644,141	2,628,443	2,693,126	2,719,140	2,750,452
Sewage user service charges	6,542,972	6,760,789	7,094,603	7,376,993	7,754,950
Equipment and building rental	62,951	49,067	47,991	71,278	59,898
Total operating revenue	12,320,502	12,743,089	13,445,501	13,740,384	14,070,584
Operating Expenses					
Cost of water produced/purchased	2,168,387	1,638,161	1,935,907	2,083,754	2,004,117
Cost of sewage treatment	4,286,004	4,825,762	4,489,691	5,028,265	4,914,857
Other operation and maintenance costs	417,282	514,149	502,772	496,527	518,719
General and administrative costs	2,107,457	2,244,069	2,183,862	2,244,740	2,344,609
Depreciation	2,308,547	2,419,126	2,459,031	2,638,697	2,848,555
Total operating expenses	11,287,677	11,641,267	11,571,263	12,491,983	12,630,857
Operating Income	1,032,825	1,101,822	1,874,238	1,248,401	1,439,727
Nonoperating Revenue (Expenses)					
Investment income	1,832	325	30,481	42,114	143,607
Loss from joint venture	(219,429)	(510,797)	(236,255)	(57,576)	(212,809)
Interest expense	(1,543,126)	(1,420,379)	(1,398,148)	(1,350,323)	(1,621,994)
Contribution from DDA	518,928	427,200	431,310	505,435	497,150
Total nonoperating revenue (expenses)	(1,241,795)	(1,503,651)	(1,172,612)	(860,350)	(1,194,046)
Income (Loss) - Before contributions and transfers	(208,970)	(401,829)	701,626	388,051	245,681
Capital Contributions	486,286	-	1,585,680	2,227,380	1,151,731
Transfers from Other Funds	-	428,640	-	-	-
Change in Net Assets	<u>\$ 277,316</u>	<u>\$ 26,811</u>	<u>\$2,287,306</u>	<u>\$2,615,431</u>	<u>\$1,397,412</u>

See independent auditor's disclaimer on the statistical section information.

City of East Lansing, Michigan

	As of June 30				
	1999	2000	2001	2002	2003
General Fund:					
Reserved	\$ 140,629	\$ 482,501	\$ 337,919	\$ 205,794	\$ 80,411
Unreserved:					
Designated	368,268	326,075	357,131	306,498	489,636
Undesignated	<u>3,344,958</u>	<u>3,141,467</u>	<u>2,247,206</u>	<u>2,460,297</u>	<u>2,302,040</u>
Total General Fund	<u>\$ 3,853,855</u>	<u>\$ 3,950,043</u>	<u>\$ 2,942,256</u>	<u>\$ 2,972,589</u>	<u>\$ 2,872,087</u>
All other governmental funds:					
Reserved	\$ 2,004,530	\$ 1,632,245	\$ 6,042,307	\$ 3,544,071	\$ 1,095,055
Unreserved and designated, reported in:					
Special Revenue Funds	849,091	592,227	974,085	487,194	814,175
Capital Project Funds	8,888,619	8,436,444	377,198	672,777	169,517
Unreserved and undesignated, reported in:					
Special Revenue Funds	791,065	1,924,979	883,175	1,025,373	1,046,355
Capital Project Funds	-	-	-	-	-
Debt Service Funds	<u>-</u>	<u>2,715</u>	<u>8,702</u>	<u>4,300</u>	<u>4,336</u>
Total all other governmental funds	<u>\$ 12,533,305</u>	<u>\$ 12,588,610</u>	<u>\$ 8,285,467</u>	<u>\$ 5,733,715</u>	<u>\$ 3,129,438</u>

See independent auditor's disclaimer on the statistical section information.

Financial Trend Information
Fund Balances, Governmental Funds

As of June 30				
2004	2005	2006	2007	2008
\$ 94,810	\$ 126,872	\$ 1,163,953	\$ 2,081,719	\$ 162,959
949,531	504,064	719,374	251,219	671,074
<u>2,441,169</u>	<u>2,476,393</u>	<u>2,894,217</u>	<u>2,586,689</u>	<u>3,136,935</u>
<u>\$ 3,485,510</u>	<u>\$ 3,107,329</u>	<u>\$ 4,777,544</u>	<u>\$ 4,919,627</u>	<u>\$ 3,970,968</u>
\$ 165,717	\$ 72,472	\$ 1,101,882	\$ 3,887,291	\$ 3,256,325
632,736	904,167	728,155	1,016,920	255,064
308,883	285,807	217,948	862,134	46,925
1,855,246	2,373,250	1,621,921	502,081	(448,671)
-	-	-	-	813,303
<u>4,420</u>	<u>4,607</u>	<u>4,889</u>	<u>43,172</u>	<u>52,707</u>
<u>\$ 2,967,002</u>	<u>\$ 3,640,303</u>	<u>\$ 3,674,795</u>	<u>\$ 6,311,598</u>	<u>\$ 3,975,653</u>

	Year Ended June 30			
	1999	2000	2001	2002
Revenues				
Property taxes and assessments	\$ 10,789,097	\$ 12,036,686	\$ 12,793,751	\$ 13,190,419
Licenses and permits	855,409	920,376	1,196,280	1,049,859
Federal sources	1,087,882	949,303	1,213,370	1,466,809
State sources	9,681,113	10,745,874	11,749,579	11,104,122
Intergovernmental revenue	-	-	-	-
Charges for services	3,419,238	3,343,459	3,368,859	3,741,331
Fines and forfeitures	2,490,149	2,615,327	2,600,991	3,003,439
Interest and rentals	914,686	1,122,655	1,037,447	564,147
Other	971,360	1,101,004	1,044,963	1,406,261
Total revenue	30,208,934	32,834,684	35,005,240	35,526,387
Expenditures				
Current:				
General government	6,730,799	7,169,375	7,454,972	6,995,713
Public safety	12,825,812	13,366,575	13,610,763	13,942,073
Public works sanitation	1,937,499	1,897,261	2,414,883	2,601,796
Highways and streets	2,593,885	2,546,853	3,167,922	3,513,858
Health and welfare	241,911	231,804	262,631	273,950
Community and economic development	1,101,474	824,018	1,181,403	1,759,197
Culture and recreation	2,206,879	3,361,615	3,800,063	4,802,959
Capital outlay	4,606,559	3,462,327	8,999,497	8,093,155
Debt service principal	592,874	809,540	1,019,540	986,040
Debt service interest and fees	427,975	986,548	935,777	1,064,972
Contribution to DDA	-	-	-	-
Total expenditures	33,265,667	34,655,916	42,847,451	44,033,713
Excess of Revenue Over (Under)				
Expenditures	(3,056,733)	(1,821,232)	(7,842,211)	(8,507,326)
Other Financing Sources (Uses)				
Proceeds from issuance of long-term debt	10,445,994	1,500,000	3,067,531	5,190,000
Debt premium or discount	-	-	-	-
Transfers in	4,408,515	5,504,346	7,100,499	6,125,999
Transfers out	(4,181,377)	(5,031,621)	(6,536,749)	(5,551,894)
Extinguishment of debt	-	-	-	-
Total other financing sources (uses)	10,673,132	1,972,725	3,631,281	5,764,105
Other Items	-	-	(1,100,000)	221,802
Net Change in Fund Balances	\$ 7,616,399	\$ 151,493	\$ (5,310,930)	\$ (2,521,419)

See independent auditor's disclaimer on the statistical section information.

Financial Trend Information
Changes in Fund Balances, Governmental Funds

Year Ended June 30					
2003	2004	2005	2006	2007	2008
\$ 14,377,476	\$ 15,590,573	\$ 16,359,310	\$ 18,018,039	\$ 18,738,963	\$ 19,050,460
1,223,177	1,479,698	1,448,979	1,627,623	1,295,962	1,303,946
955,935	1,058,683	868,134	865,341	1,119,698	1,125,984
10,172,553	9,750,241	9,452,226	9,419,196	10,094,522	11,137,849
556,915	540,402	627,741	600,971	707,982	938,580
6,420,967	5,983,431	6,323,623	6,494,206	7,093,228	7,158,913
2,832,721	3,208,851	3,241,979	3,339,178	3,154,029	3,366,930
334,624	404,557	531,267	708,359	791,478	828,693
923,130	1,517,781	1,052,842	1,183,505	1,422,408	1,748,390
37,797,498	39,534,217	39,906,101	42,256,418	44,418,270	46,659,745
7,205,977	7,671,669	7,841,240	7,978,518	8,220,884	8,273,602
14,492,437	14,840,403	15,849,325	16,309,024	16,967,986	17,879,753
2,129,523	2,010,726	2,151,581	2,221,569	2,520,519	3,194,764
3,015,107	3,213,219	2,711,648	3,044,212	3,631,594	5,700,003
225,145	164,365	186,990	103,966	96,469	105,508
1,121,532	953,709	645,706	401,661	1,771,493	918,617
6,269,712	6,547,567	6,828,618	6,748,461	7,056,343	7,144,474
3,368,228	891,663	106,434	951,954	5,757,000	4,404,486
1,325,000	1,615,000	1,752,036	1,888,159	1,934,218	2,375,494
1,250,034	1,174,909	1,108,763	1,070,702	844,824	1,074,798
-	-	-	-	-	400,000
40,402,695	39,083,230	39,182,341	40,718,226	48,801,330	51,471,499
(2,605,197)	450,987	723,760	1,538,192	(4,383,060)	(4,811,754)
-	-	-	6,450,000	7,408,161	1,525,000
-	-	-	18,620	53,785	2,150
5,812,065	6,908,950	5,922,575	6,259,559	7,098,515	5,107,723
(5,812,065)	(6,908,950)	(6,351,215)	(6,259,559)	(7,398,515)	(5,107,723)
-	-	-	(6,302,105)	-	-
-	-	(428,640)	166,515	7,161,946	1,527,150
(99,582)	-	-	-	-	-
<u>\$(2,704,779)</u>	<u>\$ 450,987</u>	<u>\$ 295,120</u>	<u>\$ 1,704,707</u>	<u>\$ 2,778,886</u>	<u>\$(3,284,604)</u>

City of East Lansing, Michigan

	1999	2000	2001	2002
Debt service as a percentage of noncapital expenditures	2.07%	2.60%	3.01%	2.74%
Capital outlay as a percentage of total expenditures	13.85%	9.99%	21.00%	18.38%

Financial Trend Information

Changes in Fund Balances, Governmental Funds (Continued)

2003	2004	2005	2006	2007	2008
3.58%	4.23%	4.48%	4.75%	4.49%	5.90%
8.34%	2.28%	0.27%	2.34%	11.80%	8.56%

Revenue Capacity

These schedules contain information to help the reader assess the City's most significant local revenue source, the property tax.

City of East Lansing, Michigan

Tax Year	Fiscal Year Ended June 30	Taxable Value by Property Type				
		Real Property				
		Residential	Commercial	Industrial	Developmental	Agricultural
1998	1999	\$ 361,210,530	\$ 178,450,750	\$ 62,900	\$ -	\$ -
1999	2000	373,278,240	188,280,060	601,800	-	-
2000	2001	386,782,270	200,973,950	629,200	1,168,440	-
2001	2002	406,016,460	216,478,860	629,200	1,620,570	-
2002	2003	427,792,090	229,152,060	561,200	1,849,230	45,280
2003	2004	450,398,670	254,304,910	585,600	4,010,260	500,770
2004	2005	477,927,930	267,572,660	810,600	4,683,740	512,250
2005	2006	509,294,350	280,312,330	827,850	4,716,830	524,010
2006	2007	541,787,670	299,182,690	829,800	4,355,900	541,290
2007	2008	570,965,880	320,439,350	829,800	3,626,850	561,290

Note: Under Michigan law, the revenue base is referred to as “taxable value.” This amount represents assessed value (50 percent of true cash value), limited for each property by the lower of 5 percent or inflation.

Taxes levied in a particular “tax year” become revenue of the subsequent fiscal year.

Source: City of East Lansing Assessor

See independent auditor's disclaimer on the statistical information.

Revenue Capacity

Taxable Value and Actual Value of Taxable Property

			Taxable
Total Value	Tax Rate (Mills)	Estimated Actual Value	Value as a % of Actual
\$ 539,724,180	18.09	\$ 1,194,918,300	45.17
562,160,100	19.16	1,289,759,300	43.59
589,553,860	19.28	1,365,893,600	43.16
624,745,090	19.28	1,458,615,200	42.83
659,399,860	19.28	1,558,752,600	42.30
709,800,210	19.28	1,709,064,000	41.53
751,507,180	19.28	1,830,639,400	41.05
795,675,370	19.28	1,966,514,000	40.46
846,697,350	19.28	2,091,515,200	40.48
896,423,170	19.28	2,077,423,200	43.15

City of East Lansing, Michigan

	Millage Rates - Direct City Taxes				Overlapping Taxes				
				Total		Lansing	Ingham	Capital Area	
	General		Solid	Direct	Ingham	Community	Intermediate	Transportation	State
Tax Year	Operating	Debt	Waste	Taxes	County	College	School District	Authority	Education
1998	15.0700	1.4300	1.5900	18.0900	7.7940	2.9355	6.1913	1.3779	6.0000
1999	15.0700	2.5000	1.5900	19.1600	7.7770	2.9223	6.1618	1.3720	6.0000
2000	15.0700	2.6200	1.5900	19.2800	7.7667	2.9106	6.1354	1.3710	6.0000
2001	15.2700	2.4200	1.5900	19.2800	7.7746	3.8926	6.1042	1.3890	6.0000
2002	15.3600	2.3300	1.5900	19.2800	8.2144	3.8733	6.0738	2.2031	6.0000
2003	15.5200	2.1700	1.5900	19.2800	8.6011	3.8544	6.0553	2.1878	5.0000
2004	15.6470	2.0430	1.5900	19.2800	8.5669	3.8375	6.0291	2.1835	6.0000
2005	15.7167	1.9733	1.5900	19.2800	8.6466	3.8112	5.9911	2.1677	6.0000
2006	15.8565	1.8335	1.5900	19.2800	9.4293	3.8072	5.9881	2.1838	6.0000
2007	16.2078	1.6615	1.4107	19.2800	9.4100	3.8072	5.9881	2.1838	6.0000

Note: The City has multiple overlapping tax districts due to 425 agreements, additional school districts, and TIF plans. The tax rates shown above relate to the City's tax for the East Lansing School District. Information relating to other overlapping tax districts can be obtained from the finance department at City Hall.

Note: Michigan law restricts the maximum millage that may be levied by the City without a vote of our residents, as follows:

	General		Solid
	Operating	Debt	
			Waste
2007	17.5891	no limit	2.6381

Source: City of East Lansing Treasurer

See independent auditor's disclaimer on the statistical section information.

Revenue Capacity
Direct and Overlapping Property Tax Rates

<u>Overlapping Taxes</u>		<u>Total Tax Rate</u>	
East Lansing Schools Homestead	East Lansing Schools Non- homestead	Homestead	Non- homestead
6.3563	23.1900	48.7450	65.5787
6.5080	23.1865	49.9011	66.5796
9.4349	26.2909	52.8986	69.7546
9.4205	26.2788	53.8609	70.7192
9.3491	26.2716	54.9937	71.9162
9.2285	26.2676	54.2071	71.2462
9.2472	26.3000	55.1442	72.1970
9.1487	26.2920	55.0453	72.1886
9.0824	26.2860	55.7708	72.9744
9.0641	26.2860	55.7332	72.9551

City of East Lansing, Michigan

Revenue Capacity Principal Property Taxpayers

Taxpayer	2007 Taxable Value	Percentage of Total	1998 Taxable Value	Percentage of Total	1998 Rank
DTN Management	\$ 37,669,960	4.20	\$ -	-	-
MEA Special Services	16,391,830	1.83	9,962,500	1.85	1
Community Resources Management	13,740,720	1.53	-	-	-
Cooloff Group (Same Eyde)	12,651,380	1.41	7,475,400	1.39	2
Abbot Road Associates	9,305,200	1.04	-	-	-
Dunn Development Group	7,110,100	0.79	6,300,910	1.17	3
Meijer, Inc.	7,292,620	0.81	5,789,560	1.07	4
Kesler Companies	6,947,630	0.78	-	-	-
American Physicians Insurance	6,208,280	0.69	-	-	-
South Bend Associates	5,828,380	0.65	-	-	-
Jeff Wells & Associated Co.	-	-	5,758,830	1.07	5
Michigan Physician Mutual Liability	-	-	4,957,710	0.92	6
South Bend Nursing Home Assoc.	-	-	4,775,200	0.88	7
Consumers Power Company	-	-	4,286,500	0.79	8
Burcham Hill Retirement	-	-	4,066,000	0.75	9
Cedar Village Apartments	-	-	3,994,440	0.74	10
Total	<u><u>\$123,146,100</u></u>	<u><u>13.75</u></u>	<u><u>\$ 57,367,050</u></u>	<u><u>10.64</u></u>	

Source: City of East Lansing Assessor

See independent auditor's disclaimer on the statistical section information.

City of East Lansing, Michigan

Revenue Capacity Property Tax Levies and Collections

Tax Year	Fiscal Year Ended June 30	Total Levy	Current Collections	Percent Collected	Delinquent Collections	Total Tax Collections	Percent of Levy Collected
1998	1999	\$ 10,320,082	\$ 10,307,224	99.88	\$ 9,844	\$ 10,317,068	99.97
1999	2000	11,305,639	11,291,598	99.88	10,822	11,302,420	99.97
2000	2001	11,895,973	11,845,685	99.58	47,872	11,893,557	99.98
2001	2002	12,525,643	12,460,341	99.48	64,230	12,524,571	99.99
2002	2003	13,070,316	13,025,905	99.66	43,191	13,069,096	99.99
2003	2004	13,940,160	13,834,601	99.24	103,775	13,938,376	99.99
2004	2005	14,735,579	14,628,362	99.27	102,344	14,730,706	99.97
2005	2006	15,736,656	15,673,206	99.60	58,248	15,731,454	99.97
2006	2007	16,717,263	16,691,757	99.85	14,705	16,706,462	99.94
2007	2008	17,707,631	17,667,848	99.78	8,014	17,675,862	99.82

Source: City of East Lansing Treasurer

See independent auditor's disclaimer on the statistical section information.

Debt Capacity

These schedules contain information to help the reader assess the affordability of the City's current levels of outstanding debt, and the City's ability to issue additional debt in the future.

City of East Lansing, Michigan

	1999	2000	2001	2002
Governmental Activities				
General obligation bonds	\$ 16,210,000	\$ 17,140,000	\$ 19,960,000	\$ 19,160,000
Installment purchase agreements	315,120	175,580	36,040	-
Special assessment bonds	1,523,733	1,383,576	1,182,682	6,176,788
Contractual agreements	-	-	-	-
Capital leases	-	-	-	-
Total	18,048,853	18,699,156	21,178,722	25,336,788
Business-type Activities				
General obligation bonds	30,875,762	30,249,663	44,820,849	44,915,064
Installment purchase agreements	-	-	-	-
Total	30,875,762	30,249,663	44,820,849	44,915,064
Total debt of the government	<u>\$ 48,924,615</u>	<u>\$ 48,948,819</u>	<u>\$ 65,999,571</u>	<u>\$ 70,251,852</u>
Total Taxable Value	\$ 539,724,180	\$ 562,160,100	\$ 589,553,860	\$ 624,745,090
Debt as a percentage of taxable value	9.06	8.71	11.19	11.24
Total Population	47,679	48,015	46,491	46,476
Total debt per capita	\$ 1,026	\$ 1,019	\$ 1,420	\$ 1,512

See independent auditor's disclaimer on the statistical section information.

**Debt Capacity
Ratios of Outstanding Debt**

2003	2004	2005	2006	2007	2008
\$ 25,085,496	\$ 24,190,496	\$ 25,498,876	\$ 24,379,041	\$ 24,333,342	\$ 24,406,248
-	-	-	-	-	-
5,655,894	4,890,000	4,180,000	3,480,000	6,695,000	5,675,000
-	-	-	555,000	2,942,946	2,730,910
-	-	-	89,806	45,495	-
30,741,390	29,080,496	29,678,876	28,503,847	34,016,783	32,812,158
42,807,794	42,023,306	44,107,600	44,448,051	46,698,154	43,995,489
-	-	-	-	944,181	798,922
42,807,794	42,023,306	44,107,600	44,448,051	47,642,335	44,794,411
<u>\$ 73,549,184</u>	<u>\$ 71,103,802</u>	<u>\$ 73,786,476</u>	<u>\$ 72,951,898</u>	<u>\$ 81,659,118</u>	<u>\$ 77,606,569</u>
\$ 659,399,860	\$ 709,800,210	\$ 751,507,180	\$ 795,675,370	\$ 846,697,350	\$ 896,423,170
11.15	10.02	9.82	9.17	9.64	8.66
46,581	46,148	46,290	46,010	45,680	45,502
\$ 1,579	\$ 1,541	\$ 1,594	\$ 1,586	\$ 1,788	\$ 1,706

City of East Lansing, Michigan

Fiscal Year	Limited Tax General Obligation Bonds (LTGO)	Tax Supported Bonds (UTGO)	Less Pledged Debt Service Funds	Other General Obligation Debt	Net General Obligation Debt	Taxable Value
1999	\$ -	\$ 16,210,000	\$ (16,085,000)	\$ 315,120	\$ 440,120	\$ 539,724,180
2000	-	17,140,000	(15,640,000)	175,580	1,675,580	562,160,100
2001	3,545,000	16,415,000	(14,920,000)	36,040	5,076,040	589,553,860
2002	3,545,000	15,615,000	(14,170,000)	-	4,990,000	624,745,090
2003	10,400,000	14,770,000	(13,380,000)	-	11,790,000	659,399,860
2004	10,390,000	13,885,000	(12,550,000)	-	11,725,000	709,800,210
2005	12,625,000	12,955,000	(11,680,000)	-	13,900,000	751,507,180
2006	12,835,000	12,065,000	(10,855,000)	644,806	14,689,806	795,675,370
2007	13,735,000	11,010,000	(9,950,000)	2,988,441	17,783,441	846,697,350
2008	14,855,000	9,910,000	(9,910,000)	2,730,910	17,585,910	896,423,170

See independent auditor's disclaimer on the statistical section information.

Debt Capacity
Ratios of General Bonded Debt Outstanding

Debt as a Percentage of Actual Taxable Value	Population	Net General Obligation Debt per Capita
0.08	47,679	\$ 9
0.30	48,015	35
0.86	46,491	109
0.80	46,476	107
1.79	46,581	253
1.65	46,148	254
1.85	46,290	300
1.85	46,010	319
2.10	45,680	389
1.96	45,502	386

City of East Lansing, Michigan

Debt Capacity Direct and Overlapping Governmental Activities Debt

Governmental Unit	Debt Outstanding	Estimated % Applicable	Estimated Share of Overlapping Debt
Ingham County	\$ 32,526,783	11.04	\$ 3,590,957
Clinton County	11,764,346	2.90	341,166
East Lansing School District	76,007,717	76.45	58,107,900
Lansing School District	66,065,000	3.28	2,166,932
Bath School District	23,839,271	7.88	1,878,535
Haslett School District	65,348,370	0.02	13,070
Lansing Community College	67,995,000	8.39	5,704,781
Total overlapping debt			71,803,341
Direct City debt	81,659,118	100.00	81,659,118
Total direct and overlapping debt			<u><u>\$ 153,462,459</u></u>

Source: City of East Lansing Records and Municipal Advisory Council of Michigan

See independent auditor's disclaimer on the statistical section information.

City of East Lansing, Michigan

	1999	2000	2001	2002
Calculation of Debt Limit -				
State equalized valuation	<u>\$597,459,150</u>	<u>\$644,879,650</u>	<u>\$682,946,800</u>	<u>\$729,307,600</u>
10% of taxable value	\$ 59,745,915	\$ 64,487,965	\$ 68,294,680	\$ 72,930,760
Calculation of Debt Subject to Limit -				
Total debt	48,924,615	48,948,819	65,999,571	70,251,852
Less debt not subject to limit:				
Special assessment bonds	(1,523,733)	(1,383,576)	(1,182,682)	(6,176,788)
Pollution abatement bonds	(17,095,000)	(16,323,200)	(19,075,000)	(20,135,000)
Deferred charges on refunding	<u>244,238</u>	<u>328,537</u>	<u>344,151</u>	<u>344,936</u>
Net debt subject to limit	<u>30,550,120</u>	<u>31,570,580</u>	<u>46,086,040</u>	<u>44,285,000</u>
Legal debt margin	<u>\$ 29,195,795</u>	<u>\$ 32,917,385</u>	<u>\$ 22,208,640</u>	<u>\$ 28,645,760</u>
Net debt subject to limit as a percentage of debt limit	51.13	48.96	67.48	60.72

See independent auditor's disclaimer on the statistical information.

Debt Capacity
Legal Debt Margin

2003	2004	2005	2006	2007	2008
<u>\$779,376,300</u>	<u>\$854,532,000</u>	<u>\$915,319,700</u>	<u>\$ 983,257,000</u>	<u>\$ 1,045,757,600</u>	<u>\$ 1,080,215,200</u>
\$ 77,937,630	\$ 85,453,200	\$ 91,531,970	\$ 98,325,700	\$ 104,575,760	\$ 108,021,520
73,549,184	71,103,802	73,786,476	72,951,898	81,659,118	77,606,569
(5,655,894)	(4,890,000)	(4,180,000)	(3,480,000)	(6,695,000)	(5,675,000)
(19,015,000)	(19,262,690)	(22,423,912)	(23,956,867)	(22,913,648)	(21,233,648)
<u>406,710</u>	<u>383,888</u>	<u>357,436</u>	<u>1,324,775</u>	<u>1,172,152</u>	<u>1,051,911</u>
<u>49,285,000</u>	<u>47,335,000</u>	<u>47,540,000</u>	<u>46,839,806</u>	<u>53,222,622</u>	<u>51,749,832</u>
<u>\$ 28,652,630</u>	<u>\$ 38,118,200</u>	<u>\$ 43,991,970</u>	<u>\$ 51,485,894</u>	<u>\$ 51,353,138</u>	<u>\$ 56,271,688</u>
63.24	55.39	51.94	47.64	50.89	47.91

City of East Lansing, Michigan

Debt Capacity Pledged-revenue Coverage

Fiscal Year	Special Assessment Bonds			
	Special Assessment Collections	Debt Service		Coverage
		Principal	Interest	
2000	\$ 298,936	\$ 100,000	\$ 95,416	1.53
2001	256,954	155,000	53,579	1.23
2002	204,301	150,000	45,498	1.05
2003	796,744	475,000	238,264	1.12
2004	1,125,679	720,000	209,523	1.21
2005	1,084,357	710,000	188,373	1.21
2006	1,312,137	700,000	164,623	1.52
2007	1,324,349	695,000	180,137	1.51
2008	1,107,472	1,020,000	260,954	0.86

Source: City of East Lansing Treasurer

See independent auditor's disclaimer on the statistical information.

Demographic and Economic Information

These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place.

City of East Lansing, Michigan

Demographic and Economic Information Demographic and Economic Statistics

Calendar Year	Population	Personal Income (in Thousands)	Per Capita Personal Income	City's Unemploy- ment Rate	State's Unemploy- ment Rate
1998	47,679	\$ 1,011,000	\$ 21,204	3.4	4.0
1999	48,015	1,072,000	22,326	2.8	3.8
2000	46,491	1,104,000	23,747	3.3	3.7
2001	46,476	1,133,000	24,378	4.4	5.2
2002	46,581	1,156,000	24,817	5.3	6.2
2003	46,148	1,209,000	26,198	6.4	7.1
2004	46,290	1,217,000	26,291	7.1	7.0
2005	46,010	1,248,000	27,125	7.1	6.8
2006	45,680	1,180,500	25,843	7.1	6.9
2007	45,502	1,113,000	24,460	7.0	7.2

Sources: U.S. Department of Commerce, Bureau of Economic Analysis
U.S. Census Bureau
City of East Lansing Department of Planning and Community Development
Michigan Department of Labor and Economic Growth, Labor Market Information

See independent auditor's disclaimer on the statistical information.

City of East Lansing, Michigan

Demographic and Economic Information Principal Employers

Taxpayer	Calendar Year	Percentage of Total	Calendar Year	Percentage of Total	Calendar
	2007 Employees		1998 Employees		Year 1998 Rank
1 Michigan State University	10,500	54.23	12,300	44.24	1
2 Meijer, Inc.	2,000	10.33	650	2.34	2
3 City of East Lansing	634	3.27	438	1.58	6
4 Burcham Hills Community	415	2.14	300	1.08	9
5 Kellogg Hotel & Conference Center	400	2.07	-	-	-
6 East Lansing School District	363	1.87	600	2.16	3
7 Michigan Education Association	320	1.65	526	1.89	4
8 MSU Federal Credit Union	297	1.53	-	-	-
- Michigan State Police	-	-	500	1.80	5
- UPS	-	-	375	1.35	7
- U.S. Postal Service	-	-	300	1.08	8
- Jacobson's	-	-	180	0.65	10

Source: Regional Economic Information System, Bureau of Economic Analysis, and U.S. Department of Commerce

See independent auditor's disclaimer on the statistical information.

Operating Information

These schedules contain service and infrastructure data to help the reader understand how the information in the City's financial report relates to the services the City provides and the activities it performs.

City of East Lansing, Michigan

Function/Program	1999	2000	2001	2002	2003	2004
General government:						
City manager and policy analysis	5.75	6.25	6.25	6.25	5.50	6.50
54-B District Court	31.50	30.75	30.00	30.00	30.50	30.50
Engineering and public works administration	10.50	11.75	14.75	14.25	13.50	15.00
Planning	10.75	11.75	11.25	10.50	10.50	10.50
Financial services and finance	14.50	14.75	15.75	16.25	15.50	16.00
Human resources	5.00	5.25	4.75	4.25	3.50	3.50
Clerk and elections	3.25	3.25	3.00	3.00	4.00	3.50
Communications	11.75	14.50	10.50	6.50	4.50	3.50
Public buildings	7.25	8.50	8.50	9.50	12.00	11.00
Information systems	3.00	3.00	4.00	4.00	4.00	4.00
Public safety:						
Police operations	100.75	102.50	104.00	120.00	101.50	100.50
Fire operations	53.00	53.00	54.00	54.00	54.00	54.00
Parking enforcement	8.50	9.25	9.50	10.25	11.00	8.50
Building and housing	11.50	11.50	12.50	12.75	12.00	13.00
Public works:						
Highways and streets	21.00	22.00	22.00	22.00	23.00	22.00
Water	9.00	9.00	10.00	10.00	6.00	10.00
Sewer	34.75	33.75	33.25	33.50	23.00	33.00
Parking	22.50	22.00	23.50	26.75	33.00	33.00
Garage	9.00	9.00	8.00	8.00	8.00	8.00
Culture and recreation:						
Parks and recreation	14.50	17.25	22.00	34.50	48.75	107.50
Library	21.25	22.50	23.75	23.75	18.50	18.50
Total	<u>409.00</u>	<u>421.50</u>	<u>431.25</u>	<u>460.00</u>	<u>442.25</u>	<u>512.00</u>

Source: City of East Lansing Finance Department

See independent auditor's disclaimer on the statistical information.

Operating Information
Full-time Equivalent Government Employees

<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>
6.25	6.25	5.25	5.25
31.50	31.50	32.50	33.50
13.00	13.00	13.00	11.00
11.00	12.25	12.75	12.50
17.25	16.25	17.00	16.00
3.50	4.00	3.50	3.50
3.75	3.75	4.00	4.50
3.50	3.50	4.50	3.50
13.00	13.00	10.00	9.50
4.00	4.00	4.00	4.00
102.25	99.25	101.00	101.00
53.00	53.00	53.00	53.00
10.50	10.50	10.50	10.50
14.00	13.75	14.50	13.50
20.00	22.00	22.00	22.00
7.00	8.00	8.00	8.00
28.50	28.50	28.50	28.50
27.00	28.25	30.00	26.50
8.00	8.00	8.00	7.00
93.00	89.75	94.50	95.75
<u>22.00</u>	<u>22.75</u>	<u>23.00</u>	<u>23.00</u>
<u>492.00</u>	<u>491.25</u>	<u>499.50</u>	<u>492.00</u>

City of East Lansing, Michigan

Function/Program	1999	2000	2001	2002	2003
Election data:					
Registered voters	31,001	29,463	26,897	25,931	25,231
Voters (at the polls or absentee)	3,600	16,427	4,034	10,693	2,450
Percent voting	11.6	55.8	15.0	41.2	9.7
District Court:					
Number of court cases (1)	18,555	18,941	19,193	19,880	21,571
Number of parking tickets (1)	75,317	74,294	75,795	70,352	55,935
Police:					
Physical arrests (1)	3,833	3,487	3,068	3,287	2,904
Traffic violations (1)	10,685	10,820	11,558	10,293	10,701
Investigations (1)	not available	957	1,573	996	1,073
Fire:					
Fire runs (1)	1,000	837	692	773	831
Emergency medical runs (1)	2,344	2,192	2,342	2,428	2,388
Public works:					
Miles of street resurfaced	0.68	6.47	4.82	3.72	2.34
Refuse collected (cubic yards) (1)	10,289	11,926	12,127	13,122	14,354
Parks and recreation (2):					
Softball complex attendance	-	-	28,875	31,200	45,508
Soccer complex attendance	-	13,328	20,048	26,880	53,032
Aquatic center attendance	-	-	61,934	55,641	48,469
Hannah Center pass visits	-	-	-	7,629	18,571
Hannah Center rental reservations attendance	-	-	-	25,217	36,448
Adult day care participants	-	-	-	-	78
Adult day care hours of care	-	-	-	-	19,990
Child care registrants	-	-	-	-	553
Recreation and Arts programs registrants	-	-	-	-	1,037
Youth Action Team - After school	-	-	-	243	2,060
Aquatics/Athletics programs registrants	-	-	-	-	3,235
Library:					
Circulation (books borrowed)	319,815	323,587	342,879	420,503	423,773
Visitors	224,786	223,534	212,661	222,491	233,895
Water:					
Number of customers billed	not available	31,893	27,169	32,269	29,959
Total consumption	not available	1,031,170	845,576	995,958	902,333
Average consumption per user	not available	32.33	31.12	30.86	30.12
Sewer - Average daily sewage treatment (MGD)	11.3	11.1	12.4	12.2	10.9

(1) Amounts reflect the previous calendar year

(2) For those years without information, the program was not operated by the City of East Lansing

Source: City of East Lansing Records

See independent auditor's disclaimer on the statistical information.

Operating Information

Operating Indicators

2004	2005	2006	2007	2008
28,932	27,321	29,072	29,949	29,483
18,376	3,805	13,435	3,353	4,990
63.5	13.9	46.2	11.2	16.9
25,028	22,765	25,499	26,216	26,641
75,684	67,802	69,661	63,810	64,788
3,317	3,295	3,576	3,271	3,355
12,354	9,759	14,081	11,567	12,319
1,224	1,189	856	861	852
884	978	1,059	1,050	1,108
2,629	2,601	2,650	2,769	2,853
2.23	2.53	2.42	0.77	1.70
14,750	14,412	10,490	13,890	14,040
47,437	52,012	48,375	54,276	41,700
63,616	84,196	92,680	96,896	96,152
42,210	58,719	52,637	51,874	53,880
37,378	37,486	39,293	38,147	31,803
54,538	56,927	43,378	46,612	37,482
77	70	77	64	67
23,184	22,675	19,921	25,256	22,162
510	568	505	511	525
2,004	2,351	3,093	3,664	3,234
2,466	2,953	5,392	6,112	6,689
3,957	4,348	4,257	4,663	4,597
389,849	365,009	375,083	324,550	303,387
248,857	263,216	256,928	252,000	252,441
29,992	28,524	33,708	30,092	31,298
859,933	934,520	921,484	907,964	903,150
28.67	32.76	27.34	30.17	28.86
12.1	13.4	12.8	13.3	13.3

City of East Lansing, Michigan

Function/Program	1999	2000	2001	2002	2003
Police:					
Stations	1	1	1	1	1
Patrol units	11	12	12	12	12
Other vehicles	6	11	11	13	14
Fire:					
Stations	2	2	2	2	2
Fire response vehicles	2	2	2	2	2
Emergency response vehicles	3	3	3	3	3
Other vehicles	3	4	5	6	6
Public works:					
Streets (miles):					
Major streets	21.4	21.4	21.4	21.4	23.2
Local streets	60.2	60.2	60.2	60.2	61.6
Trunkline streets	8.2	8.2	8.2	8.2	8.2
Traffic signals	40	40	41	43	43
Refuse collection trucks	7	7	7	6	6
Recycling trucks	3	3	3	3	3
Parks and recreation:					
Acreage	342	405	412	412	412
Developed parks/playgrounds	20	21	25	25	25
Developed sporting fields	19	23	23	23	23
Libraries:					
Branches	1	1	1	1	1
Book collections	133,523	138,839	146,931	155,924	160,931
Water:					
Mains (miles)	80.58	81.16	84.64	87.35	89.01
Fire hydrants	not available	not available	not available	not available	not available
Storage capacity	1.95	1.95	1.95	1.95	1.95
Sewer:					
Miles of sanitary sewers	139.25	140.13	144.31	147.62	149.26
Treatment capacity	15.00	18.50	18.50	18.50	18.50

Source: City of East Lansing Records

See independent auditor's disclaimer on the statistical information.

Operating Information Capital Asset Statistics

2004	2005	2006	2007	2008
1	1	1	1	1
12	12	13	13	13
15	17	17	17	17
2	2	2	2	2
2	2	2	2	2
3	3	3	3	3
6	7	8	8	8
23.7	24.4	24.4	24.4	24.6
61.5	61.5	61.5	61.5	61.5
8.2	8.2	8.2	8.2	8.2
45	45	45	45	45
6	5	5	5	5
3	3	3	3	3
412	412	412	412	413
25	25	25	25	25
23	23	23	23	23
1	1	1	1	1
161,408	159,039	144,500	141,064	144,206
89.01	91.06	91.06	92.87	93.30
not available	not available	842	862	986
1.95	1.95	1.95	1.95	1.95
149.26	151.07	151.07	152.17	152.27
18.50	18.50	18.50	18.50	18.50